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China Toughens Curbs On Democracy Activists

New Entrée Into China: Technology

By Kevin Murphy and Jonathan Gage

International Herald Tribune
BELING — Foreign companies trying
to break into Chinese markets will be
increasingly obliged to hand over advanced technology to their local partners.
Although still keen to attract foreign
investment, an increasingly self-confident
China is moving quickly to demand greater technology transfer from industrialized International Herald Tribune

er technology transfer from industrialized countries, according to senior Chinese of-ficials, industrialists and Western busi-

"In order to have a large market share m China, foreign investors should bring along with them the highest level products and technology," Finance Minister Lin Zhongli said Thursday at an international economics conference here,

China has identified information, electronic and transport technology as national priorities in a bid to modernize its fastar priorities in a bid to modernize its fast-growing economy. Chinese officials said. And with competition for Chinese or-ders intensifying, Beijing is prepared shop around for the most advantageous deals and to withhold joint venture agreements

when it is unable to find one. "Many companies bring along average or ordinary products and self us equipment and facilities alone," Mr. Liu said.
"This does not mean we will repel such finished and the limit when the said and the said are such that the said are said. finished products, but what we need more

is to improve our technological level here "Take Boeing and McDonnell Douglas. for example, where we have joint manufacturing," he said. "They help us with components, but not with a comprehensive technological cooperation."

This is about to change, he indicated. The view at Boeing Commercial Airplane Grown is different. Boeing is consid-

plane Group is different. Boeing is considering inviting the Chinese into a consortium to huild a new 80-to-100-seat commercial jetliner if production proves feasible, said Ronald B. Woodard, the

Boeing officials here insisted that the company, which sold one in seven of its airliners to China last year, was working to

transfer technology to China. The company also said it was helping China to develop air-traffic control systems and other infrastructure to expand its commercial airline capacity.

"If you are going to be a respected insider in China, you have to respond to it," said Percy Barnevik, president and chief executive officer of ABB Asea Brown Boveri Ltd., the multinational heavy equipment and power generation company, of the trend toward greater technology

transfer. "It is a long-term, cumbersome, extremely demanding exercise," said Mr. Barnevik, who has nonetheless made technology transfer a key selling feature of his sprawling group's commitment to the Chi-

nese market. "There are companies that have taken short cuts, and it doesn't fly in China," he See TRADE, Page 5

Step Undermines Efforts to Show Rights Progress

By Lena H. Sun

BELITING — China has amended its public order law to broaden the already extensive powers of the police to detain and restrict the activities of pro-democracy and labor activists, as well as religious and national minority

as well as religious and national minority groups, official papers said Friday.

Although China has released some activists in the last few weeks, including six religious dissidents in the last two days, the new regulations, which take effect immediately, essentially give authorities the legal basis to detain anyone they regard as a threat to the system.

The scope and thrust of the regulations will make it difficult to support claims by U.S. officials that China is making progress on human rights. To the contrary, they underscore what rights advocates and other analysts have been saying; that there has been an overall deterioration in China's human-rights situation in the last year.

Reports of new arrests, torture and secret trials dwarf the number of known releases of political or religious prisoners. A group of Ti-betan nuns had their sentences extended for singing nationalistic songs in prison. Several political activists detained around the time of Secretary of State Warren M. Christopher's visit to Beijing remain in police custody, including China's most best-known dissident, Wei

Jingsheng.
"You don't have to be Einstein to figure this out," said Robin Munro, Hong Kong director for Human Rights Watch/Asia. "I defy anyone to produce a statistic to support the claim that

the human-rights situation is getting better."

Even though China officially rejects the linkage between trade and human rights, it has become customary for Chinese authorities to release some political and religious prisoners as a gesting to Washington in the make before the a gesture to Washington in the weeks before the decision on Beijing's low-tariff trading privi-leges. These releases are aimed at Western audiences; they are not reported in the domestic

On Friday, authorities announced the release of five religious dissidents, three of whom were sentenced to "re-education through labor" for en participation in an outlawed Protestant congregation. One man, a 50-year-old peasant, was fortured and beaten during interrogation and left hanging upside down in a window

frame, according to Amnesty International. The official press did not say when they were released, only that the five had "behaved them-

selves" during their correctional period.

On Thursday, anthorities released on parole Chinese woman jailed since 1990 on charges of trying to overthrow the government through religious activities. But that same day, two dissidents were arrested in Shanghai, according to their family members.

President Bill Clinton must decide in three weeks whether there has been enough rights progress to warrant renewal of Beijing's most-favored-nation status. With billions of dollars worth of trade at stake in the world's largest emerging market, the administration is under increasing pressure to find a way to renew the status unconditionally without losing credibility on human rights.

The new regulations adopted Thursday by the legislature will make Mr. Clinton's job tougher. The regulations allow authorities to crack down on members of unapproved reli-

See CHINA, Page 5

Palestinian police waving to onlookers as they crossed the Allenby Bridge from Jordan into the Jericho autonomous region on Friday.

Jews Are Welcome, Jericho Police Say

By David Hoffman

JERICHO — Sergeant Lutfi Hassan, wearing neatly pressed green fatigues and the insignia of the Palestinian police, stepped onto the soil of the West Bank on Friday for the first time in three decades, and immediately was sent to guard the Shalom al Yisrael Synagogue here, an ancient Jewish landmark.

"If the Jews want to come here, they are welcome." Mr. Hassan said as young Palestinian refugee boys gawked at the new Kalashnikov assault rifles carried by his contingent. There is no war here. We are here to keep this place safe, and keep the peace process go

Only a few weeks ago, Mr. Hassan and 500 fighters in the Palestine Liberation Army's Al Aqsa brigade were stationed near Baghdad, many of them veterans of nearly 30 years of warfare against Israel.

But in a remarkable scene, they crossed the Allenby Bridge from Jordan into the West Bank on Friday afternoon and, after a tumultuous parade around the central square, took up their new roles as the Jericho police, the first tangible evidence for a weary Palestinian population that

According to interviews with a dozen of the newly arrived policemen, most of them have spent the years since the 1967 Middle East War in

See JERICHO, Page 5

West and Russia Back 51-49 Bosnia Split

Compiled by Our Staff From Dispatches

GENEVA — Foreign ministers from the United States, Russia and Europe agreed Friday on a new strategy in relaunch Bosnian peace negotiations and called on the warring sides to accept a cease-fire of at least four

The ministers, including Secretary of State Warren M. Christopher and the Russian foreign minister, Andrei V. Kozyrev, endorsed an existing peace plan that would give 49 percent of Bosnia-Herzegovina to the Bosnian Serbs and the rest to a Muslim-Croat federation.

In a communique after six hours of talks, the ministers rejected Serbian demands that re-sumption of negotiations be linked to the eas-ing of United Nations sanctions on Serbia.

But they held out the possibility of a phased suspension of the sanctions after the Serbs

By Rick Atkinson Washington Past Service
BERLIN — Even now, nearly a half-century

later, Ruth Ritter vividly remembers her first glimpse of an American soldier in Berlin.

"It was in the summer of 1945," she said. "I

was 14, and we were standing in line for food, as

always, when a jeep slowly drove past. We waved, shyly at first, and then someone said.

"The Amis are here!" We couldn't really believe

it, because all we had seen were Russian uni-

forms. It gave us hope that things would get

Things got better, for Berlin, for war-devas-tated Germany, for Ruth Ritter. Now, as the

days dwindle until the last U.S. troops leave

Berlin, the city is sparing no effort to show its appreciation. Mrs. Ritter, who will watch the Americans depart as she watched them arrive.

has already displayed her gratitude to the

"Amis" - as Americans are widely called in

Germany — by marrying off all five of her daughters to U.S. soldiers.

said this week at her home in southern Berlin.

"We can't really imagine life here without these

boys. They've always been here."

Added her husband, Joachim Ritter, who

"It's painful to see the Americans go," she

the European Commission. withdraw to "agreed territorial limits" under a peace agreement. on a new "contact group on Bosnia," which the

European delegates greeted the communique as the first meaningful common policy statement between Washington, Moscow and the European Union since the Bosnian war began more than two years ago.

Mr. Christopher had explicitly agreed to endorse the 51-to-49 division of territory - the most important plank of a plan issued by the European Union last year. The communique said a U.S-brokered Mus-

lim-Crost federation would have to be set upwithin the 51 percent target, not with 58 percent as agreed previously by the Muslims and the

Also participating in the meeting were minis-ters from Britain. Belgium, France, Germany and Greece, as well as Hans van den Broek of

released from a U.S. prisoner-of-war camp:

Berlin will be colorless without them. They

simply belong to the city."

The long good-bye has begun. Fifty scheduled farewell events will culminate in formal

For many Berliners thus is a bittersweet summer. The good-hyes signify the end of occupa-

tion, the removal of the last Russian troops

from German soil and the full restoration of

reunified Germany's sovereignty; yet it also

marks the end of an era in what one resident has

called "the most pro-American city in the

Americans and Germans alike also worry

about how to bolster trans-Atlantic ties given

the imminent departure of all U.S. forces from

Berlin and the drastic scaling back elsewhere in

Germany, About 16 million American soldiers

and their families have lived in Germany since

the late 1940s, forging a relationship that

evolved from one of victor and vanquished to

something closer to kinship.
"What do we do now?" a senior Foreign

Ministry official asked. What should be done to

make sure that, as former Foreign Minister

departure ceremonies on Sept. 8.

All but Belgium and Greece are represented

ministers instructed to get negovations moving

within two weeks. The participants reaffirmed their commitment to Bosnia's territorial integrity within its present borders and added a warning to "all the They said they were particularly pleased that

parties concerning the unacceptability and risks of pursuing military solutions." The ministers expressed "strong concern" that the recent assault by Bosnian Serbs on

Gorazde had delayed the peace process and also noted with concern recent military activity around the northern town of Brcko.

The talks were held under a threat hy France to pull out its 4,000 peacekeepers, the largest contingent in the 17,000-member United Nations force in Bosnia. France wanted the United States and other countries to put pressure on the Bosnian Croats, Muslims and Serbs into making peace before winter. The warring sides did not attend the meeting. The Bosnian Serbs

See BOSNIA, Page 5

Fifty Years After D-Day

In Monday's installment, two analysts

examine the effects of the information revolution on the world — specifically on

the Atlantic community once known as

James Fallows, Washington editor of

the Atlantic Monthly and the author,

most recently of "Looking at the Sun:

The Rise of the New East Asian Econom-

ic and Political System," notes the long-

awaited information revolution has in fact

already occurred, although most notions

"the West."

PLO Police Take Control Of Jericho as Israelis Leave

Cheering Crowds Hurl Candy, Not Rocks, as Long Occupation Ends

By Clyde Haberman

New York Times Service

JERICHO — The last Israeli soldier left this ancient town on Friday, ending Israel's 27-year occupation and giving Palestinians control over the first West Bank foothold for their hoped-for independent state.

A force of about 460 Palestinian fightersturned-policemen rode into Jericho, automatic rifles thrust skyward in triumph, and took over a freshly evacuated army hase and fenced-in police station that had been Israeli headquar-

The police station in particular, dominating the central square, was a hated symbol of occu-pation for the Palestinians and a target of countless rocks and bottles hurled in anger. With the Palestinian police in place, the juhilant people of Jericho delnged them with candy in celebrations that stretched into the night.

As in the Gaza Strip - Jericho's partner in Palestinian self-rule, where hundreds of police officers started moving in three days ago — residents beat drums and danced, thrilled to see the Israeli flag replaced by a Palestinian hanner over the police station.

They jumped joyously onto trucks and buses bringing in the new officers, a mixture of fresh-faced recruits and grizzled veterans of the war against Israel years ago.

"It's indescribable," said Mohammed Khalil, who works on an experimental farm. "We're happy because our own people are ruling us,

The Palestinian police guns were a source of endless fascination, especially for many young men who reached out to touch the barrels or who took turns posing for pictures with the officers' Kalashnikov rifles.

The weapons were not supposed to be loaded. But at least one was, and it led to the first violent death under self-rule when a boy play-ing with a rifle accidently fired it, killing his 9-year-old brother and wounding his aunt and

another child. The officers, in green uniforms and berets included a captain named Ahu Imad, who had

left for Jordan with his family after the 1967 Arab-Israeli war and who later joined the Palestinians' Al Aksa Brigade, based in Iraq. "When I saw my people, I forgot the 27 years

of exile," he said.

With the transfer of authority here and still more Israeli outposts turned over to Palestinians in the southern part of the Gaza Strip, the Palestinians have taken charge of roughly half the area that is to fall under their self-government as part of the peace agreement between Israel and the Palestine Liberation Organiza-

In coming months, self-rule is supposed to spread beyond tiny, relatively isolated Jericho to the entire West Bank, and within two years negotiations must begin on what ultimately is to happen to the territories that Israel has held since its victory in the 1967 war.

To a degree, self-rule in Gaza and Jericho is an experiment, still aborning, in see how the Palestinians manage their own affairs. But for most people in the territories, the arrival of the police this week from staging areas in Egypt

See PLO, Page 5

don't understand the threats and opportu-

nities that technology presents to them.

bind Americans and Europeans as the

cornerstone of the "West" - as democra-

cy, freedom and prosperity once did, be-

de la Démocratie" (Flammarion).

In Monday's Herald Tribune.

Given these threats, what should now

Kiosk

Clinton's Choice For High Court

WASHINGTON (AP) - President Bill Clinton announced Friday that he was nominating Stephen Breyer, a federal appeals court judge, to the Supreme Court to replace Justice Harry Blackman, who is re-

Juoge Breyer, 55, who sits on the First Juoge Dityer. J., who sits on the First Circuit Court of Appeals in Boston, was a finalist last year for the first vacancy of the Clinton presidency. That slot went to Ruth Bader Ginsburg.

German Thugs Freed

All but one of the 49 youths arrested in anti-foreigner violence in Magdeburg, Geranu-tortight, vacanting the many, were freed Friday, provoking sharp criticism of the police over their quick release. (Page 2)

Formula One racing's governing body imposed sweeping changes Friday as the latest driver to crash remained in a coma. Page 19.

Best Swiss Cuisine

The IHT's restaurant critic, Patricia Wells, continues her yearlong journey to rate the world's restaurants. With reports on Switzerland's top tables, and its best casual eszenand's up laures, and the evolving list of the 10 best restaurants in the world.



Isabelle Adjani awaiting reactions of critics to her film "La Reine Margot,"

| Book Review | | Page 7 |
|-------------|--|--------|
| Crossword | | Page 6 |

Newsstand Prices Up 6.84 3659.68 111.20 The Dollar 1.499



Cannes festival's first big event. Page 6.

Up 0.09%

1.6663

1.4998

104.225

Colleagues said he was able to keep it under control. But others are not so lucky: On Wednesday, Wardell Lazard, 44, the chairman of W. R. Lazard & Co., Wall Street's largest minority-owned money-management firm, was found dead in a Pittsburgh hotel room, his body lying beside an almost empty bottle of vodka and a tray covered with white powder. Local authorities preliminarily put the cause of death as an acciden-

See BERLIN, Page 5

economist for Bear. Stearns in New York, was described as breaking down in tears as he discussed an addiction to cocaine and alcohol in a New York Times article headlined "A Wall

Berlin's Long Good-Bye Begins as 'Amis' March Away

The use of drugs on Wall Street was supposed to have disappeared with the end of the 1920s' go-go years and the age of excess. But Mr. Kudlow and Mr. Lazard and other less wellknown cases have brought new attention to an old subject: how pervasive drug use is in the financial community and how firms are confronting the issue.

Administration agent who went undercover on Wall Street in the 1980s and today runs a private investigative concern that counsels Wall Street companies on drug and alcohol abuse.
The major difference today, Mr. Strang said, is that drug use

on Wall Street is much more discreet. Instead of openly being sold or used in hars, drug use is confined to the alleys or the bathrooms.

"It's isolated; it stays within groups of users," Mr. Strang said, "You don't snort it at mixed parties like it used to be." Arnold Washton, a Manhattan psychologist who specializes in substance abuse therapy and treats many elite drug users in New York, said that the incidence on Wall Street was no different than in other highly pressured and highly compensated job sectors - like doctors or professional athletes - and

Wall Street's Drug Problem: Discreet but Pervasive By Benjamin Weiser

Washington Post Service NEW YORK — He is one of Wall Street's high flyers:

president of a prestigious old-line investment firm, annually earning millions of dollars. And, for most of the last decade, people who know him say, he has been a regular user of

tal drug overdose.

Last month, Larry Kudlow, who had resigned as chief

Street Star's Agonizing Confession."

"The problem is definitely as bad, if not worse, than it was 10 years 290," said Robert Strang, a former Drug Enforcement

that where casual users might have backed away slightly, "16people who have been using it all along aren't using it -"We have not seen diminished numbers of -

said. "They report to us that they go :- other people who get high, with

fore governments lost their monopoly on determining the ties between nations? That question is addressed by Jean-Marie Guehenno, who is the author of "La Fin ≥phæ om a

30

Youths Released After 4 Wounded

By Steven Kinzer New York Times Service
MAGDEBURG. Germany —
At least four people were stabbed

in this eastern German town. All but one of the 49 arrested were released before dawn Friday, and the one who remained in custody was held only because a warrant was outstanding for his arrest on an unrelated charge. Officials said they were not sure they had enough evidence to bring charges against any of those involved in the as-

In the face of sharp local and national criticism of the quick releases, police officials here sought to defend their actions. They conceded that the police had been slow to respond to the assaults and pledged to carry out further investi-

adviser for matters relating to for-eigners, Cornelia Schmalz-Jacob-sen, said the attacks in Magdeburg marked "a new and horrifying high point" in the wave of xenophobic nolence that has spread across Germany since the country was re-unified in 1990. She said police response suggested that officers in the easiern states were not sufficiently trained or equipped to sup-

press rightist violence.

Human beings are being hunted down as they were in the worst times of the SA," Mrs. Schmalz-Jacobsen said, referring to the terror squads that served Hitler. Police officials said the assail-

ants in Magdehurg were led by young men known for their farright political views and their propensity for violence. The majority of them, bowever, were described as drunken hooligans and skinbeads, who acted out of generalized resentment at social conditions rather than clear racist or anti-foreigner ideologies.

Thursday was Ascension Day, a holiday in Germany, and by mid-day groups of intoxicated youths were gathering in and near Magde-burg's city center. At around 3:30 P.M., a gang of them surrounded and began to beat five African asylum-seekers. The five fled into a cafe owned by local Turks, and their attackers pursued them smashing windows and terrorizing

Faced with the onslaught, sever-Turks in the cafe grabbed knives and, according to police, stabbed four of the assailants. All were said to have been seriously wounded but not in danger of death.

For many bours after the stabbings, gangs of Germans and non-Germans roamed the streets, clashing repeatedly. The 30 policemen who responded to the original alarm were reinforced to a strength of more than 200 by late Thursday

All of those arrested were local men under the age of 25, according to Magdeburg's senior police official, Antonius Stockmann. "In the chaotie circumstances, it

was not possible, despite our efforts, to determine which of the people we arrested were responsible for specific acts," Mr. Stockmann said.

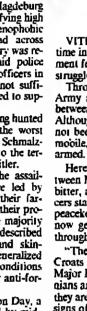
This was not simply an eruption of anti-foreigner feeling, and the perpetrators should not be described as exclusively rightist radicals," he asserted. "Most of them are not rightists in any way. The majority were simply going along with a chain of violence in which alcobol played a key role."

Conditions in Magdeburg, which is the capital of Saxony-Anhalt. formerly in East Germany, reflect those in many eastern towns. Unemployment is officially put at 20

Nearly all of the state-sponsored youth clubs where young people spent much of their free time before unification have been closed.







They shouted, 'We're hooligans! Germany for the Germans! gans! Germany for the Germans!
Foreigners Out! " recalled a waitress in the cafe.

Remen meeting of the national executive committee on May 25.

LONDON — Leaders of the Labor Party.

LONDON — Leaders of the Labor Party.

LONDON — Leaders of the Labor Party.

"His view would be, without any question."

mussia Pact

Asence France-Presse BONN - A treaty of association between Russia and the European Union will be at the top of Germany's agenda during its forthcoming presidency of the EU. Foreign Minister Klaus Kinkel of Germany told President Boris N. Yeltsin on

Mr. Yeltsin, on the last day of a three-day visit to Germany, met with Mr. Kinkel to discuss cooperation between Moscow and the

North Atlantic Treaty Organiza-

Mr. Kinkel said after their talks that be had pledged that Bonn would make the treaty "one of the

top priorities of the German presiicy of the Union." Bonn takes over the six-month

rotating EU presidency from Greece on July 1. The statement added that much

of the meeting centered on new European security arrangements. Mr. Kinkel expressed hope that Russia would soon play an active role in European security policy hy joining the NATO-proposed Partnership for Peace program.

The statement added that Mr. Yeltsin said he would sign the ac-cord "soon," although Russia wished "to set out in a protocol the specific content of the cooperation between NATO and Russia."

Mr. Kinket, echoing an earlier pledge by Chancellor Helmul Kohl, also reassured Mr. Yeltsin that Germany would back Russian efforts to obtain full membership of the GATT world trade accord and of the Group of Seven industrialized nations.

Russian membership in the NATO partnership program re-cently ran into snags after NATO carried out air strikes in Bosnia last month and after Moscow demanded special status in the program.



For Bosnian Army, Time Is a New Ally

By Roger Cohen
New York Times Service

VITEZ. Bosnia-Herzegovina — For the first time in 25 months of war, the Bosnian government feels that time is on its side in its military

struggle against the Serbs.

Throughout Bosnia, officers in the Bosnian Army appear buoyed by the end of fighting between Muslims and Croats two months ago. Although the full effects of this cease-fire have not been felt, the Bosnian Army is now more mobile, less stretched, and somewhat better

Here in central Bosnia, where fighting be-tween Muslims and Croats was prolonged and bitter, a tenuous peace holds, and British offi-cers stationed in Vitez with the United Nations peacekeeping force say the Bosnian Army is now getting some arms and ammunition up through Croatia despite a UN arms embargo.

"The federation between Muslims and Croats has brought a significant shift." said Major Rod Tracey, a British officer, "The Bosnians are still terribly short of ammunition, but they are getting some in. There are also the first signs of Croats and Muslims working together against the Serbs, in the Zepce area and up near

Apart from improving the Bosnian Army's supply of weapons and ammunition, the new

and Kladanj fronts against the Serbs.

The fact that the Bosnian Army is now fighting one war rather than two has already toughened the negotiating stance of the Bosnian government, and the vote on Thursday by the U.S. Senate calling on President Bill Clinton to unilaterally lift the arms embargo on Bosnia will only reinforce this trend.

In new talks Friday in Geneva, international mediators were hoping at least for a temporary cease-fire - of three or four months - to allow time to negotiate.

But a temporary cease-fire in the current finely poised military situation is a highly sensitive issue. Because the Serbs are aware that time may be working for the Bosnians, they are reluctant to accept a three-month truce that may only leave them fighting a considerably reinforced Bosnian Army at the end of the

Instead, the Serbs want an open-ended cease-fire across Bosnia, But Haris Silajdzic, prime minister of the Muslim-led Bosnian government, and his top army officers are deeply wary of freezing Serbian territorial gains in place. and apparently convinced that, with time, they can push back the Serbs on the battlefield.

John Major, said Friday that they hoped to

move quickly in picking a successor to John

Smith, who died after a heart attack on Thurs-

A drawn-out Labor leadership struggle pit-

ting modernists against traditionalists could

cost momentum in the campaign to the 1997

general election and take the spotlight away

After grief-stricken colleagues met to sort out

the leadership situation, the party chairman, David Blunkett, said on Friday: "The opinion

appears to be that we should try and do that by

He said the timetable would be decided at a

As EU Chief, Labor Party to Move Fast to Pick a New Leader

for Mr. Smith.

October would be disastrous.

seeking to maintain pressure on Prime Minister
Labor is riding high in opinion polls, com-

ereased the mobility of the Bosnian Army, analysts say, and part of the highly effective 7th Brigade, which formerly fought the Croats in central Bosnia, is moving to the sensitive Olovo

Every time the Bosnians mount an assault, the Serbs are in a position to lob shells onto Tuzla, Travnik, Olovo, or even Sarajevo, "Ma-jor Tracey said, "This has been a pattern throughout the war, and will continue." Major Cyrille Frayer, a French officer work-

ing as a European Union military observer in Tuzla, said Serbian infantry appeared demoralized, discreanized, and poorly motivated. Despite the Serbs' buge superiority in tanks, artillery, and guns, this infantry appeared incapable of occupying and holding ground.

Apart from activity against encircled and weak Muslim enclaves like Gorazde or Srehrenica. Serbian forces have shown little ability to make inroads against government troops.

"If the Serbs had a real infantry, they would have sinished with Bosnia a long time ago." Major Frayer said.

On the other hand, a superior and more motivated Bosnian infantry — made up largely of Muslims who are fighting to return to their home towns — still appears to lack the anti-tank weapons and artillery cover to make significant inroads on the Serbs. Moreover, with a very long front to defend, the Bosnians lack the alliance with the Croats bas brought much-needed fuel into Bosnia. This has vastly in-

Tehran Denies It Sent Cargo Of Explosives

Compiled by Our Staff From Dispatches ZAGREB, Croatia — An Iranian diplomat on Friday decied a report that an Iranian cargo jet that landed in Cro-atia 10 days before brought explosives for the Bosnian Muslims, saying that the cargo consisted of food.

But a Bosnian Army source confirmed the report.

The Croatian government also denied the report, in The Washington Post, that an Iranian Air Force transport carrying at least 60 tons of explosives and other materials for weapons production for Bos-nian Muslims landed at Za-greb on May 4.

But a senior Bosnian Army source said the Bosnian gov-ernment forces received their share of the explosives after Bosnian Croats took one-third, he said.

"His view would be, without any ouestion.

that we should pick up the traces as quickly as

possible in order to sustain the momentum that

He and Gordon Brown, the party's finance

spokesman, are fellow modernizers as well as

close friends. They face a hard decision in

deciding whether to stand against each other.

Margaret Beckett, who took over as tempo-

reading of literary texts and de-

tailed analysis, concentrating on

semantics, meter, imagery, meta-

phor and symbol as well as refer-

ences to history, biography and cul-

Heinz-Werner Meyer, 61,

he contributed so greatly to achieving."

day made him favorite at 5-2.

(Reuters, AP)

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2 Englishmen Guilty in IRA Blasts

LONDON (AP) — Two Englishmen were convicted Friday of conducting an Irish Republican Army bombing campaign last year that included blasts outside Harrods department store in London and ball train. A computer expert, Patrick Hayes, 41, and a former soldier, Jan Taylor, 51, both of London, were each sentenced to 30 years in prison. Four people were wounded in the Harrods bombing in January, the bomb on a train from London to Ramsgate, about 100 miles (160) kilometers) to the east, caused severe damage. The jury also convicted the train of prospecting explosives and firearms.

two of possessing explosives and firearms.

Mr. Hayes was also convicted of plotting to set off three more bombest the London area, none of which exploded. The judge said that although Mr. Hayes had been convicted of more crimes, be could not discrement between the two bombers "on the scales of wickedness" so both got the

Mexico Invites UN Electoral Role

MEXICO CITY (LAT) — The government has asked the United—Nations to provide technical assistance to national observers of the presidential elections on Aug. 21 and to issue a report on Mexico Large.

presidential elections on Aug. 21 and to issue a report on Mexico and computerized electoral system.

UN officials said they were acting on the request, made in a letter date!

May 10 and made public Thursday. This is the first time that Mexico a country generally acknowledged to be plagued by election fraud, has eign asked for such help.

The request is the latest in a series of moves to improve the credibility of the federal elections. The government has permitted audits of voter registration rolls, organized tours of electoral computers and computers and computers from polisters with a reputation for independence.

Pacific Naval Games to Start May 26

SEOUL (AFP) — The navies of Japan and South Korea will hold their first exercises together when they take part in U.S.-led Rimpac manner wers in the Pacific from May 26, the Defense Ministry announced Friday. This will be South Korea's third time in the beaming the first time in maritime exercises that the last time in maritime exercises with Japan, a ministry spokesman side.

The exercises will be staged in the West and Mid-Pacific region from May 26 through July 16 by the navies of the United States, Australia Canada, Japan and South Korea to secure maritime transportation rouge and promote combined operational capabilities, be said.

Peacekeeper Politics in South Africa

PRETORIA (Reuters) — South Africa's new national defense force said Friday that any decision about its participation in foreign peace. keeping was political.

A South African National Defense Force statement said the new constitution made provision for South African peacekeeping operations, but it added that involvement beyond the borders of South Africa was a "political decision."

Colonel John Rolt, a spokesman for the force, said there had been several questions from the press about possible South African participation in foreign peacekeeping operations, specifically in Rwanda.

Clinton to Get His Oxford Degree...

OXFORD, England (Renters) - President Bill Clinton will receive a degree from Oxford University when he visits Britain in

The sheepskin will complete an academic career that Mr. Clinton began, but did not finish, 26 years ago. He studied politics as a Rhodes Scholar at University College, Oxford, from 1968 to 1970; but left to study law in the United States,

He will receive the degree of Doctor of Civil Law by Diploma on June 8 at the end of a European trip to mark the 50th anniversary of

French Investigate Tapie Over Yacht

PARIS (Reuters) — French prosecutors have begun a tax-fraud investigation of Bernard Tapie, the business executive and politician, after an official complaint about his luxury yacht, judicial sources said

The investigation focuses on possibly improper tax benefits gained by registering Mr. Tapie's 74-meter yacht Phocea as a commercial vessel, even though he used it exclusively for his personal benefit, the sources

Mr. Tapie, a self-made millionaire propelled into the spotlight through European Parliament in next month's election. The former cabinet minister heads the small Leftwing Radicals Party in the June 12 with

The leading contender for the succession is China Names 13 to Hong Kong Panel the party's home affairs spokesman, Tony Blair, a 41-year-old Scottish barrister who has HONG KONG (AFP) - China has appointed 13 more members to its stolen Tory thunder by pressing for tougher law-and-order measures. Bookmakers on Fri-

Preliminary Working Committee. Beijing's shadow policy-making body

The committee is charged with mapping out Hong Kong's post-1997 political system in conjunction with top Beijing officials, led by Foreign Minister Qian Qiehen. The latest appointments included Paul Cheng, the chairman of Inci-

cape Pacific, a unit of Inchcape PLC; Wong Ying-wai, former deputy trade and industry director-general; and Arthur Garcia, a former government ombudsman. New members from the Chinese side included Guo Fengmin, the Chinese team leader of the Chinese-British Joint Liaison Group, and Wulan Mulun, the deputy director of Xinhua press agency in

For the Record

A Portuguese pilot and a flight mechanic were killed Friday when their marmed jet fighter crashed into a beach during a NATO training drill on the northern Spanish coast of the Mediterranean, a Spanish Defense Ministry spokesman said in Madrid.

Suspected Islamic extremists shot and killed three policemen in two incidents Friday in southern Egypt, police officials said.

[AP]

TRAVEL UPDATE

A Day for Savoring Dutch Windmills

AMSTERDAM (AP) — Visitors to the Netherlands can take a rate peek behind the scenes at more than 650 windmills Saturday as the Duich celebrate National Windmill Day. All shapes and sizes of windmills will

be open to the public, including several newly renovated examples.

About a thousand windmills still exist in the Netherlands. More than six hundred are still operating, most for grinding wheat and pumping water. Earlier this year the Ministry of Culture pledged up to 100 milion guilders (\$53 million) to preserve the remaining mills.

In the mid-1800s there were about 10,000 windmills keeping the wheels of the Dutch economy turning. But with the advent of steam and then electric power, the mills eventually sailed into the industrial sunset.

A shipping strike that has paralyzed French passenger ferry services to North Africa was declared illegal Friday. A court ordered ship workers have to provide a provider of the parall for back to work as union negotiators rejected a management proposal for settling the dispute.

Rampant safety violations at four Philippine airports, including squatter-homes alongside runways, led the government to close the airports on Friday. The four airports were Dipolog on Mindanao island; Bacolod in May 6 at the Madison Nursing the central Philippines; Cauayan north of Manila, and San Jose south of



Erik Erikson Dies, Life-Stages Theorist

fortably ahead of Mr. Major's divided Conser-

vatives. Mr. Smith was still celebrating Labor's

victory in local council elections when he died

Liberal Democrats called off campaigning for

several days before next month's European

parliamentary election as a gesture of respect

Party elders fear delaying the choice of a

Neil Kinnock, who stepped down after La-

after initiating a modernization of the party enter the race.

successor until the party's annual conference in

Labor, the Conservatives and the centrist

of a heart attack in his London bome.

NEW YORK - Erik H. Erikson, the psychoanalyst who profoundly resbaped views of buman development, died Thursday at a nursing bome in Harwich, Massa-

from Mr. Major's woes.

chusetts. He was 91. A friend and disciple of Sigmund Freud. Dr. Erikson was a thinker whose ideas had effects far beyond psychoanalysis, shaping the emerging fields of child development and life-span studies and reaching into

He was best known for the the-ory that each stage of life, from infancy and early childhood on, is associated with a specific psychological struggle that contributes to a major aspect of personality.

That represented a quantum leap in Freudian thought, suggesting that the ego and the sense of identity are shaped over the entire life and that later experiences might help heal the hurts of early child-

Dr. Erikson's influence, com-

pounded by clinical studies of chil-

because of his identification with the development of "identity crisis," a term he coined. The term "psychobiography," which he did not originate, was also

education to medicine to law to

biography to psychiatry to low-

His popular recognition reached

peak in the 1970s, particularly

brow culture.

associated with his name. His most significant contribution, however, was the concept of a malleable and changeable ego in adults, a depar-ture from traditional nations of an ego fixed early in life and persisting

A key element in Dr. Erikson's theory of successive changes in per-sonality and, hence, modification of the ego was that the dynamics of the society in which a person fived determined the extent of the resolution of the changes.

in a societal matrix, be was able to suggest the degree to which politi-, economic and social systems, dren, a teaching post at Harvard all exterior forces, mold a person's University, popular lectures and interior emotional life. best-selling books on Mohandas K. in that manner Dr. Erikson

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Gandhi and Martin Luther, per- sought a union between psycho-

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oral sensory stage, in which the emotional conflict is between basic trust and mistrust; muscular-anal, in which autonomy conflicts with shame and doubt; the locomotor-

As a pioneer in the study of the

The stages are infancy, or the

life cycle, he considered that it con-

sisted of eight crucial stages.

bor's fourth consecutive election defeat in 1992, rary leader after Mr. Smith's death, may also

genital, where the conflict lies between institutive and guilt: latency. in which the positive component is industry and the negative is inferiority: adolescence, where the identity crisis, or role confusion, normally occurs: young adulthood, in which intimacy vies with isolation; adulthood, in which the crisis poles are generativity and stagnation. and maturity, or old age, when despair threatens ego integrity.

Cleanth Brooks, 87, Author Was 'New Criticism' Pioneer NEW YORK (NYT) - Cleanth Brooks, 87, an educator, author and Southern literary critic who helped spread the principles of the New Criticism movement throughout American universities, died of cancer Tuesday at his home in New

Honduray!

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Led German Labor Group BERLIN (NYT) - Heinz-Werner Meyer, 61, the leader of Germany's labor federation in the turbulent years since reunification. died of a heart attack Monday at a clinic in Sieghurg, Germany, near

tural background.

Mr. Meyer was bead of the Federation of German Trade Unions, or Deutsche Gewerkschaftshund, known as DGB. His conciliatory style won him wide respect, and his success in guiding the union federation at a time of high unemployment seemed to have assured him of re-election at a convention set for next month.

Marchette Clute, 84, a hiogra-pher of Shakespeare, Chaucer and Ben Jonson, died of pneumonia Home in Montclair, New Jersey.

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THE AMERICAS /

Latin Americans Reject Use of Force to Unseat Haiti Military

By Howard W. French New York Times Service

MIAMI - The Clinton administration's recent warnings that force might be needed to settle Haid's long-running political crisis have sis have quickly stirred strong opposition in the Southern Hemisphere, clouding the prospects for international approval of any

American-led intervention.

During a discussion of the Haitian crisis

States in at the Organization of American States in Washington 2 at the use of force should not be ruled out Washington on Wednesday, Brazil, Peru. in Haiti. Ecuador, and Uruguay rejected the use of force under any circumstances.

Latin American countries have traditionally been wary of military intervention by the United States, which has had a history of gunboar diplomacy in the region. Mexico, Canada, and Cuba have all also

BOSTON — The United States

has just completed a military exer-

cise that simulated an invasion of

Haiti, The Boston Globe reported

A military spokeswoman con-

firmed the exercise, but declined to link it to plans for American inter-

"Anything that happens in this hemisphere, whether it be a troop

movement or ao exercise, people are rying to the to reports of a Haiti invasion," said Major Jamie Roach, "It's just not valid."

The two-week exercise involved

44,000 military personnel, includ-

ing Marines and army Special

Forces, as well as jet fighters, heli-

copters, amphibious vessels and a

The paper said the riming and

the tactics of the exercise, called

Operation Agile Provider, was de-

veloped with Haiti in mind and

could be used to turn up the pres-sure on Haitis military leaders to

President Bill Clinton has not

Major Roach said the exercise,

ruled out military intervention.

which began April 25 and conclud-

ed Wednesday, was planned more

than a year in advance. She said the attack scenario did not even men-

io," Major Roach said by telephone

from Norfolk, Virginia, headquar-ters of the Atlantic Command, "We

just placed it in the United States."

Command spokesman whose area

of responsibility includes Haiti, de-

nied that the exercise was staged specifically with Haiti in mind.

Industry Rejected

A Safer Cigarette

WASHINGTON — Tobacco companies not only knew of the hazards of smoking by the early 1960s but had already discovered

The idea was to heat the tobacco rather than burn it, thus avoiding the process that creates most of the hazardous substances in tobacco

Brown & Williamson Tobacco Corp., a subsidiary of the London-based British-American Tobacco PLC, put the idea to the test in a

cigarette, code-named Ariel, according internal company documents

The prototype was granted a patent in 1966 but was never

marketed.

The company decided against pressing the safer products toward the market for fear that they would make their other products look bad, according to company documents and interviews with scientists

Another likely reason, the documents suggested, was that smokers might find the cigarettes less satisfying and therefore would not buy

Thomas Fitzgerald, a spokesman for Brown & Williamson, said:

From the description given to us, it appears you are basing your

"From the description given to us, it appears you are basing your article on attorney-client privileged documents that were stolen by a former employee of a law firm that worked for Brown & Williamson.

"Anybody who knowingly uses stolen information is in fact contributing to an illegal act. We have no further comment."

Another early safe eigarette invention was made by Dr. Thomas

Dr. Mold said in an telephone interview this week that his group

had created a safer cigarette in research that began in 1955, and that

the product was ready for market by 1979.

Dr. Mold, now retired, said he was told one day in 1979 that there

bad been a vote of executives in the company, on the advice of

lawyers, that the company around not produce a said eigenetic.

"We wrote up the work we had done in a paper for publication.
but we were not allowed to publish it," he said. "It describes what we

At Philip Morris, one project mentioned in memorandums and

reports dating from the early 1960s was "Project 0100," an effort to

The papers were disclosed in a lawsuit brought a decade ago by Rose Cipollone, who died from lung cancer before her case was

completed. She later became the first person to be awarded damages

According to the Brown & Williamson documents, the Ariel

cigarette would have cut down greatly on the cancer-causing sub-

stances in cigarette smoke and cut down the amount of secondhand

smoke coming from the same also reduced its potential fire hazard, as later It would have also reduced its potential fire hazard, as later

The decision at tobacco companies not to proceed with less

bazardous cigarettes was complex and much debated internally,

bazardous eigenees was being say. Some of the reasons include experts familiar with the industry say. Some of the reasons include

experts rammar with the implication that the companies' other the fear of litigation and the implication that the companies' other

products were nazzrdous.
In addition, the companies feared marketing problems, that is, the

in addition, the companies to have a safet him larger used to; rigarettes would not smell or taste like what smokers were used to;

rigarettes wound not suren and surent surents were used to; and smokers might not be willing to buy a safer but less satisfying

These rears rates on the safer cigarette, Premier, which lasted

These fears later turned out to be justified when R. J. Reynolds

only a short time on the markets.

Ariel was developed in the 1960s, and after the early success of the

anted in 1900.

The company initially had high hopes for the new eigarette, but in

The company accurates in various memorandums expressed a fear

1964, company executives in various incommunic expressed a fear of disclosing too much harmful information about smoking and of

The research already completed on both the nazards of cigarettes and solutions was shelved, and the laboratories of the parent company in England, where much of the research on cigarettes was company in England, where much of the research on cigarettes was

ubsequent lawsuits.

The research already completed on both the hazards of cigarettes.

The research already and the laboratories of allegarettes.

prototype, the company applied in 1964 for a patent, which was granted in 1966.

lawyers, that the company should not produce a safer cigarette.

did, how we did it and what the results were."

in a smoking hability case in the United States.

make a "medically acceptable" cigarette.

smoke coming from the cigarette.

products were hazardous.

done, were closed down.

only a short time on the market.

versions of similar products proved.

Mold, assistant director of research for Liggett & Myers, and his

and patented a critical step for making a safer cigarette.

obtained by The New York Times.

working on the projects.

colleagues.

Captain Tim Hoyle, an Atlantic

"It was a Southwest Asia scenar-

tion a Caribbean nation.

submarine, the Globe said.

Friday.

vention in Haiti.

U.S. Army Exercise

Simulates Invasion

country's military leadership, which overthrew the elected president, the Reverend

Jean-Bertrand Aristide in September 1991. Diplomats said the split at the OAS occurred after the United States, Argentina, and Antigua sought to introduce lan-guage that would bave closely echoed Mr. Clinton's own recent statements, saying

opposition, the proposed reference to force was dropped from an OAS resolution condemning Haiti's military for appointing an interim president to replace Mr. Aristide. that strong sentiment against armed inter-

place off the coast of North Caroli-

na, but troops also trained near

Savannah, Georgia, and improved an airport on the Bahamian island of Great Inagua. Most of the sol-

diers were American, but there

were small detachments of Dutch and Surinamese military, Major

The newspaper noted that U.S.

military exercises in the Caribbean

were relatively routine. But uniden-

tified military sources told the

Globe that the operation, in its tim-

ing and tactics, had been planned

At the same time, the sources

conceded that the exercise could

also be an effort to turn up the

pressure on Haiti's military junta to

allow the return of exiled President

During the exercise, Marines

used North Carolina and Puerto

mock enemy command posts and

radio stations. And Marine fighter

jets flew more than 200 practice

Rico as mock landing sites. Special Forces, some of whom landed by submarine, took out

Roach said.

with Haiti in mind.

Jean-Bertrand Aristide.

sorties, sources said.

The secretary-general is a man who

recently expressed their opposition to intervention as a means for unseating the
spokesman for João Baena Soares, the
country's military leadership which over head of the OAS.

"There is a lot of margin for political pressure and diplomacy, which he feels can still work. But under no circumstances

American officials who have alluded to the possibility that force might be neces- Security Council was aborted in October. sary to restore democracy to Haiti have only two weeks before the negotiated date quired to clear the country's docks and usually said that any such force should be for Mr. Aristide's return, when a mob of In the end, because of the breadth of the constituted from a variety of nations and army sympathizers firing small arms rioted it's military leadership. operate under a mandate from the United near the piers where a ship carrying about Nations or the OAS.

vention in Haiti would complicate and posfeels very strongly that we should not re-sibly block forming a multilateral force.

military trainers, whose mission would be to separate Haiti's police from its army and begin retraining each.

But this would begin only once Haiti's does he feel that we should use military present military leadership had abandoned DOWET-

A similar mission empowered by the 200 Canadian and American military But diplomats at both organizations said trainers was scheduled to dock

suasive force." Asked what this meant, one but it has to be faced."

weapons.

Under the original training mission, only selected foreign officers deployed to Haiti were to be allowed to carry sidearms. The other trainers would have been unarmed.

If the Haitian Army continued to refuse to relinquish power, a diplomat said, an "enforcement mechanism" would be reperhaps round up the top echelon of Hai-

"This is a plan with three scenarios," a diplomat said. "Each time we go to a higher level that would require a new resolution Officials said that any foreign trainers and a new debate in the Security Council. I would have to be accompanied by a "disdon't know bow difficult that would be. don't know bow difficult that would be,

Clinton Accuser Gets Legal Defense Fund

WASHINGTON - A group of Christian activists, saving it was standing up for the rights of women, has launched what it describes as a broad-based appeal to help pay the legal fees of Paula Corhin Jones, the former Arkansas state employee who is suing President Bill Clinton for sexual-harassment.

But a leading feminist group quickly turned down an invitation to

endorse the fund. It said it would refuse to "take the right wing's bail" by stating a position on Mrs. Jones's allegations of harassment and civil-rights violations against Mr. Clinton. The allegations relate to a 1991 encounter in a Little Rock hotel room.

The creation of the Paula Jones Legal Defense Fund was announced by Patrick Mahoney, executive director of the Christian Defense Coalition. He said he would aggressively seek donations for the fund, keeping the names of all contributors anonymous.

As a national spokesman for the militant anti-abortion group Operation Rescue, Mr. Mahoney frequently has clashed with feminists. But he insisted Thursday that "sexual harassment knows no political boundaries" and challenged feminist groups to help publi-cize his fund — and support Mrs. Jones's cause — in the same way they embraced Anita Hill following her allegations against Clarence Thomas before he was confirmed as a Supreme Court justice.

"What angers me now is this - the National Organization for Women should be setting up this legal defense fund," said Mr. Mahoney. "The Fund for the Feminist Majority should be setting up this fund. But they have chosen to let politics get in the way." NOW's president. Patricia Ireland, said in a statement that her group was "monitoring" the Jones lawsuit.

A 27-year-old former clerical worker. Mrs. Jones alleged in a lawsuit last week that she had been asked by an Arkansas state trooper to meet Mr. Clinton at a state-sponsored conference on May 8, 1991, when Mr. Clinton was governor of Arkansas. After she did so, she said, Mr. Clinton made a series of unwanted sexual

House Raises the 'Nanny Tax' Threshold

WASHINGTON - The House voted unanimously to overhaul the "nanny tax" that helped torpedo the nomination of Zoe Baird for attorney general in the early days of the Clinton administration. The aim is to promote wider compliance with a tax law that the federal government estimates is ignored by three out of four employers of household workers. By failing to pay the tax, employers

effectively cheat employees of state retirement benefits. By a 420-to-0 rollcall vote, the House approved a bill that would raise the threshold for paying Social Security taxes. Now, employers are required to pay the tax when an employee's wages reach \$50 a quarter. Instead, the bill would require employers to pay taxes on wages of \$1,250 annually and higher.

New Jersey Senate Passes a '3-Strike' Bill

TRENTON, New Jersey — The State Senate unanimously ap-proved legislation that would require mandatory life imprisonment for a person convicted of violent crimes on three or more occasions. If the bill becomes law, as expected, a person convicted on three occasions of certain violent crimes in any jurisdiction would be sentenced to a mandatory term of life imprisonment with no eligibility for parole.

Crimes covered are murder, manslaughter, aggravated assault, kidnapping, sexual assault, robbery, and possession of a firearm, explosive or destructive device for an unlawful purpose. (NYT)

Quote/Unquote

Senator Robert C. Smith, Republican of New Hampshire, opposing a bill passed by the Senate to restrict abortion protesters: "Some day this is going to haunt you. There's going to be another political issue that you're on the other side of. And you're going to regret this vote.

No Hint That CIA Was On to His Spying, Ames Says

A gasoline vendor filling it up in Port au Prince this week in an area known as "Kuwait City" because of the black market fuel available.

By Walter Pincus and Bill Miller Washington Post Service

WASHINGTON - When Aldrich Hazen Ames got a call to go to his Central Intelligence Agency office the morning of Feb. 21, he had no inkling that his almost nine years of supplying secrets to Moscow for \$2.5 million was about to they could catch him placing a tell—the also had reason to think the ClA did not suspect him. Only last December, he said, he was told by

He had been under FBI investigation for almost a year, but Mr. Ames said in an interview this week that he had no hint he was under the head no h that he had no hint he was under In fact, government officials

would have preferred to delay the arrest, according to recent interviews with investigators and lawyers involved in the case.

Despite months of wiretaps, searches and surveillance, they had

not gathered what they considered enough evidence to guarantee conviction of Ames on an espionage charge that would lock him up for life. But they worried that be might catch on to them and flee. As Mr. Ames was planning to travel to Russia on Feb. 22 on CIA business, the Federal Bureau of Investigation believed it bad to act.

FBI officials still hoped that shortly after dawn on Feb. 21. Mr. they had set aside an additional Ames would leave his house, and \$1.9 million for him.

He also had reason to think the day, evidence that Mr. Ames insignal to his Russian handlers. December, he said, he was told by

his bouse, they decided to set in help to answer.

A block and a half from the Ames' house in North Arlington. Virginia, his 1992 Jaguar was forced to the curb by two cars with flashing lights, and he was arrested by FBI agents. For years, Mr. Ames said, he had lived "with a kind of fatalism" of eventually being caught.

But, be said in the interview that he had decided to keep going until he reached the retirement age of 55 in 1997. The Russians had provided an incentive to stay in the CIA and continue passing secrets: they had told him months earlier that

When Mr. Ames failed to leave superiors that he would be rotated out of his position in the Counterusing the excuse that an overseas was scarce, and sent back to the operations directorate, where he again would be handling the agency's most classified secrets.

"I was encouraged to think I'd be getting an interesting joh in April. May or some time this spring." he said from the prison in Alexandria. Virginia, where he is beginning to serve a life sentence without parole for conspiring to commit espionage. The subsequent search of Mr. Ames's ear and house produced evidence beyond the investigators' dreams.

A cheer crupted at the FBI's command center when agents piece of white chalk was found with a blue mark on it. That was the first significant breakthrough of the

deed had been leaving white chalk marks on blue mailboxes as signals to the Russians. As more evidence poured in from the house search, including notes between Mr. Ames and his Soviet handlers, the government changed its strategy for dealing with Mr. Ames and his wife. Rosario, who had also been arrest-Initially, Rosario Ames was

viewed as an accomplice who could be turned into a cooperative government witness. But after finding incriminating material in the Ames house, prosecutors realized they would not need her to help build a case and focused on her as a co-Weeks later, she became the

linchpin in plea bargain negotiations with Mr. Ames: in return for his guilty plea and his agreement to tell all about his spying, prosecuheard that in Mr. Ames's car a tors agreed to bring a lesser charge against her and held out the possi-bility of a relatively light five-year iail sentence for her.

Away From Politics

• Two men have been convicted of kidnapping the daughter of the casino mogul Steve Wynn and bolding ber until they got a \$1.45 million ransom. Jurors deliberated about five hours before finding Ray Cuddy, 47, and Jacob Sherwood, 22, guilty of all charges stemming from the July 26 abduction of Kevin Wynn from her Las

• The owner of a car-repair shop in St. Louis, Missouri, who admitted to having let the refrigerant from a car's air-conditioner leak into the air has become the first person prosecuted under a federal law intended to protect the atmosphere's ozone layer by tightly regulating such chemicals.

• Harvard University, which already has the largest endowment of any private university in the nation (\$5.8 billion), opened a campaign Thursday to raise \$2.1 billion over the next five years. "Harvard is in a time of relatively scarce resources," the university's president. Neil Rudenstine, said as he announced what officials said was the biggest fund-raising drive in the history of higher education.

• The rate of premature, low-weight births in the United States increased 18 percent in the 1980s after declining steadily through the 1970s, federal health officials said. The increase was due in part to the higher number of babies born to women who are older, who fail to receive prenatal care and who have twins or triplets, the Centers for Disease Control and Prevention said.

For Vietnam Veterans, Suicide Hits Home

By Kent Jenkins Jr. and Charles W. Hall

WASHINGTON - Thrown into "a demon rage" by the suicide of Lewis B. Puller Jr., Tom Ed-monds went to the Wall, the Vietnam Veterans Memorial, to mourn a fallen comrade. But the rage the war Mr. Edmonds still carries inside — would not subside.
"God, I'm tired of this," Mr.

Edmonds, of Falls Church, Virginia, wrote in an anguished poem he sent to a group of fellow Vietnam

Ex-Wife of Guard Named in Clinton Suit Kills Herself

The Associated Press

SHERWOOD, Arkansas - The former wife of an Arkansas state trooper who served as a guard for Bill Clinton and is a co-defendant in a sexual harassment lawsuit against him died in an apparent

Kathy Ferguson, 37, was found dead of a gunshot wound to the head Wednesday at the home of her boyfriend, the authorities said, Her death was being investigated as an apparent suicide.

A note thought to be written by Ms. Ferguson was found oear her body. It indicated problems in ber relationship with her boyfriend. Bill Shelton, the police said. There was no known connection

between her death and her former busband, Danny Ferguson, who said Thursday that the two had been divorced for about four years. Mr. Ferguson, an Arkansas trooper, is named in a lawsuit filed last week by Paula Corbin Jones, a former Arkansas state employee She alleges that in 1991 Mr. Clin-

ton, then the state governor, made

unwanted sexual advances to her in

a botel. Her lawsuit said Mr. Fergu-

son had invited her to the meeting

with Mr. Clinton.

Please no more. "But God doesn't answer. He

never did. Not then. Not now." It all came rushing back Thursday, to Mr. Edmoods and countless others in the Washington area and and ancient burts of a wer that stopped but oever really ended.
Mr. Puller, the author and Viet-

nam veteran who shot himself at his suburban Washington home Wednesday, was more than a suicide. To Mr. Edmonds and others. Mr. Puller was an agonizing symbol, a casualty of war.

"I'm extremely angry, and I find it very painful," said Mr. Edmonds. who suffers from post-traumatic stress disorder and receives full disability pay, "But mostly it scared me. Because I can understand the matic stress disorder, "Some do it reasoning behind his decision."

Mr. Puller, a Marine who lost his legs and parts of both bands in a land mine explosion in Vietnam. wrote a Pulitzer Prize-winning book about his ordeal. He had recently struggled with deep depression and addiction to prescription

The White House issued a statement saying that Mr. Puller's death reminds us all of the grief that still haunts so many of America's veterans today." At the Vietnam memorial, where



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veterans on the Internet computer the names of those killed in the war network.

the names of those killed in the war with alcohol or drugs. Some do it is inscribed on the stone walls. by being a worksholic." strangers spoke of Mr. Puller in Recent studies suggest, however, that Vietnam veterans are no more

tones of pride and respect.
"I think his death is a direct result of the Vietnam War, meaning his name should go on the Wall like all the others," said Joe Steele, beyond - all the buried memories a former Marine who runs a veterans center in New Jersey. He said Mr. Puller's suicide should give Americans "a sense of remembrance of those men still out there who need help."

Mr. Puller's death also renewed lingering questions about how well Vietnam veterans as a group have adjusted to life after the war.

"So many of these combat veterans are just trying to numb their pain," said Jonathan Shay, a psychiatrist who has written a hook on population, according to David Clark, director of the Center for Suicide Research and Prevention in Chicago. Charles R. Figley, a specialist on

prone to suicide than the rest of the

post-traumatie stress disorder who s based at Florida State Universisaid studies of Vietnam veterans showed that 15 percent suffered the disorder. For many veterans, the initial psychological wounds are com-

pounded by other life problems. like troubled marriages. "The vast majority of Vietnam veterans have moved oo io their lives," Mr. Figley said, "But for 15 percent, the rem-Vietnam veterans with post-trau- nants of the war continue to affect them.

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Haiti: No Rush to Invade

Emil Jonassaint, a former Supreme Court justice, was sworn in Wednesday as president of Haiti by a minority of legislators with the backing of the military junta. It was a clear act of defiance toward the international community, which last week voted in the United Nations to intensify sanctions against Haiti to force its illegitimate rulers to step down and allow the return of the exiled president. Jean-Bertrand Aristide. In response, some members of the U.S. Congress and other observers have begun talking more seriously about the use of military force to oust the coup leaders and allow Father Aristide to return.

That would be a mistake. Mr. Jonassaint's appointment does not materially change the situation in Haiti. The new sanctions, set to begin May 21, should be given a chance to work. The pressure they will exen on the country's rulers will be just as uncomfortable. whether or not they are living under the charade of a legitimate government.

In addition, many members of the Organization of American States oppose any kind of military intervention. France agreed on Thursday to participate in a UN force to help Haiti assemble a democracy after Fathet Aristide's return, but refused to take part in any intervention to oust the junta. It is unlikely the United States would attempt to intervene on its own, and unitaieral action would also be unwise, given the unhappy history of

American meddling in Haiti. But the adminis-tration can take some helpful steps short of sending in the troops.

Most of these steps are outlined in the bill introduced by Representative Ronald Dellums of California and Senator Christopher Dodd of Connecticut. Perhaps its most effective provision is a complete cutoff of commercial air traffic with Haiti. The UN sanctions approved last week only apply to private air traffic, and therefore stop short of complete isolation of the country. The bill also calls for the United States to organize a multinational force to patrol the border with the Dominican Republic, where contraband crosses regularly into Haiti.

President Bill Clinton can announce that the United States is cutting off all its air traffic, and ask other nations to do likewise. He can also make a strong case for all UN members to follow the Security Council's recommendation to freeze all assets of Haiti's military officers.

Mr. Clinton's advisers should bear in mind that, until now, the measures taken against Haiti's military have merely created inconvenience for the junta and its supporters in the Haitian elite. They should stay calm in the face of the junta's defiance, and allow more stringent measures a chance to have their effect, before resorting to force.

-THE NEW YORK TIMES.

For Justice on Death Row

The Congress seems bent on adding dozens of death sentences to the U.S. criminal code. At least the House, trying to retain some balance in the pending crime bill, has included a measure to reduce racial bias in administering capital punishment.

Not so the Senate, which ignobly has voted to keep the House's proposed Racial Justice Act out of the final crime bill when a Senate-House conference committee meets to reconcile their versions.

The Senate has instructed its conferees to resist the House measure. Conferees often ignore such instructions and should do so agair. especially when they have a chance to curb the death penalty's notorious racial disparities. The measure would allow defendants to

show a pattern of biased sentencing in their jurisdictions that taints their death sentences. They might show, for example, that only African-American defendants were executed for certain crimes, or that for certain crimes death was decreed only when the victim was white. The prosecution could still prevail by justifying the sentencing patterns and particular sentences on nonracial grounds.

Senator Alfonse D'Amato, Republican of

New York, the author of the Senate's resolution, denounced the racial justice measure as a 'quota bill." contending that it required equal numbers of all races on America's death rows.

That is the same phony sloganeering Mr. D'Amato used in opposing the 1991 Civil Rights Act. But this time the Senate, by a vote of 58 to 41, bought the argument. Perhaps the conference committee, with Justice Department help, can find clarifying language that would save this worthy provision from Mr. D'Amato's caricature.

Opponents falsely charge that this safeguard would sbut down the execution chambers. Some supporters would like to abolish capital punishment, but decidedly not all of them. Racial justice bas adherents who favor or are reconciled to the death penalty but yearn for assurances that it can be inflicted fairly.

Surely inquiry is justified when only one execution since 1976 involved a white who killed a black, and when all of Attorney General Janet Reno's recommendations for death sentences so far involved black defendants. It is the House that needs to stand firm, redeeming the Senate's flirtation with racial injustice.

- THE NEW YORK TIMES.

A Sharp Eye on Congress

really did not want to ban lobbyists gift- in the coming House-Senate conference. Mr. giving to members of the U.S. Congress decided to vote for the han anyway. Last week.

Levin should stand firm and point out to the House the reality reflected by the margin of nent to gut a gift reform bill spon sored by Senator Carl Levin, a Michigan Democrat, drew 39 votes. But on Wednesday, only four senators opposed final passage of this strong gift ban; 95 voted yes. The explanation is that most members of Congress know that the gifts and "charity" golf excursions now permitted look terrible to the folks back home. The Post's Helen Dewar captured the Senate mood, describing it as 'grumpy but image-conscious.'

The folks back bome are right; the giftgiving should be banned. We understand why some Washington restaurateurs lobbied against these reforms. Fewer lobbyist-paid lunches could cut their trade. But the fact that the take from these practices was big enough to inspire the restaurant owners to action is precisely wby they should end: The culture of pricey lobbying is not healthy for democracy or for Congress's standing with the public.

A tough fight lies ahead because a House gifts bill, passed earlier this year, is substanually weaker than the Senate's. Some senators who voted for Mr. Levin's bill even though they dislike it will be privately encouraging

It is amazing how many senators who their House colleagues to resist compromise the Schate vote: This issue is now very public and opponents of reform cannot hide behind procedural maneuvers.

> Some of the House provisions will not stand up well under public scrutiny. For example, the House bill bans a lobbyist from paying for entertainment and meals for members, but it would permit executives of the company that the lobbyist works for to pick up the tab. This creates an absurd "designated diner" situation: A lobbyist for Acme Consolidated Widget could take a congressman out to dinner and the company could pay the freight so long as one of its vice presidents was along to put down his credit card.

> The House bill permits those much-publicized "charity" golf and tennis events and also allows lobbyists to contribute to legal defense funds for members. These and other House provisions should give way to the Senate's more stringent rules. Senators voted as they did this week because they knew the public was watching. The House-Senate conferees should be made aware that the public will be watching them too.

-THE WASHINGTON POST.

Other Comment

Numbed to Genocide

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Genocide, according to Jared Diamond, a research biologist at the University of California at Los Angeles, is a behavior that Homo sapiens shares with the other primates, notably with the two extant species of chimpanzee. Attested in several other species, genocide is particularly well-documented among primates. Field research has shown clearly that bands of chimps exterminate rival bands down to the last member. As for the normality of genocide in humans, its empirical frequen-- Mr. Diamond counts 17 occurrences between 1950 and 1990 alone — is disturbing confirmation that, in this of all instances, the immoral is not unnatural.

Do humans have a collective genetic capac ity for genocide? In morality, as in all human achievement, humankind often challenges nature. We are genetically programmed to like

sweets, for example, but our original environment in which they were rare, has been succeeded by one in which they are harmfully abundant. A correction is called for. Our collective capacity for genocide, fatally enhanced by technology, calls more urgently for

a similarly collective correction. Unfortunately, as Mr. Diamond and observers have noted, genocide induces a psychic numbing not just in its victims and perpetrators but also in those who merely witness or hear of it. The ape in us, so to speak, knows enough about ape destructive capability to run from the sight and sound of mass murder. But the ape's repugnance may indeed be like the craving for sweets: undeniably natural but, in the ontemporary context, a harmful reaction...

Measures to neutralize the genocidal tendency are encouragingly widespread and effective. But they are not yet infallible.

- Los Angeles Times.



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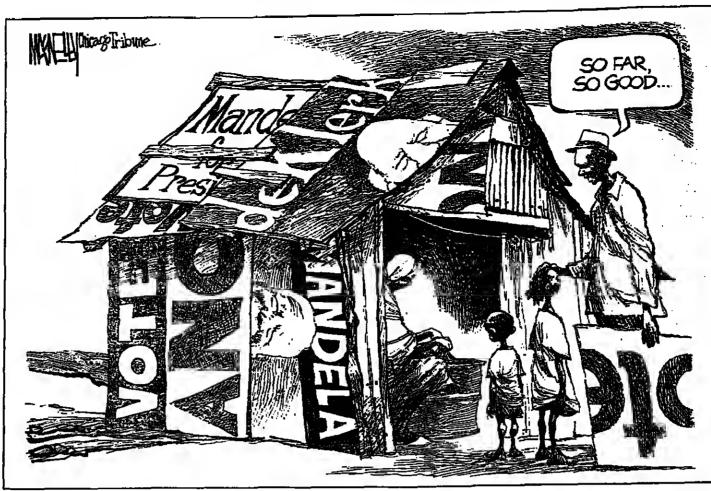
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China: Limited Trade Won't End the Labor Abuses

TRVINE California — As the Clinton administra tion backs away from using the most drastic of trade sanctions to promote human rights in China - that is, ending its most-lavored-nation status one of the compromise plans being most seriously considered is to impose more limited sanctions.

directed only against enterprises owned by the state, Those who support this proposal argue that by trading only with enterprises owned and managed by the private sector or involved in joint ventures with foreign capital, the United States would be encouraging the most progressive sectors in China, while exerting pressure on the state, Most of the objections to this proposal have to do with its impracticality and the difficulty of enforcing it.

I would suggest that there is another, more important problem; that many of the private enter-prises in China are responsible for some pretry nasty human rights abuses of their own. For the socalled entrepreneurial sector in China contains a huge number of businesses that accord shameful treatment to their employees.

True, some firms in this sector rely partly on

technically trained, sophisticated personnel. And these staff do get pensions and other protection. But many of these firms, especially in the rural and suburban areas and the ones developed with Hong Kong capital, depend primarily on near-destitute, undereducated manual workers drawn from poverty-stricken areas of the countryside that are experiencing huge labor surpluses. These workers are treated as a labor reserve, people who "come when beckoned and leave when dismissed," in the words of a Chinese periodical.

As with any migrant labor the world around.

these peasant-workers are handed the dirty jobs. They receive few or no benefits and have no job security. An apt comparison would be to the miserBy Dorothy Solinger

able workplaces of mid-19th century England as described by Charles Dickens.

In one representative joint venture, where the partner is from Hong Kong, workers are given two 10-minute rest periods a day, during which more than 200 women must compete for two toilet stalls. Not surprisingly, many cannot contain themselves while waiting at their machines.

Appalling conditions abound in various firms. Sixteen- to 18-hour days with no extra pay are common. In some Japanese firms in China, if a worker is late, he or she has to stand outside and suffer humiliation for an bour. (Such practices are also reported in Taiwanese, Korean and Hong Kong firms in China.) Cursing, beating of workers. deductions of their wages and bonuses, and arbitrary firings are not uncommon.

Chinese journalists writing in a magazine in Guangdong Province revealed that in the entrepreneurial sector (including both foreign-funded and Chinese firms in the rural areas) of the Pearl River Delta 12- to 18-hour days, seven-day weeks, 20minute lunches, and a total absence of labor protection, sanitation and injury compensation are the rule — all flying in the face of state regulations.

There are grim tales of fires, such as one in a Shenzhen factory in November 1993 in which 84 workers, locked in to prevent theft, burned to death. As compared with these "entrepreneurial" firms, those in the state sector treat migrant workers with at least a degree of dignity: Most transients' jobs are guaranteed by three- to five-year contracts, and many offer low-cost medical care, some bonuses and subsidies. At least minimal sanitary and safety standards are observed, and the workweek consists of six eight-hour days. Benefits may be far skimpler for peasants than for the permanent urban regulars in the state firms. But in reports and interviews on treatment of rural migrants, there are no stories of a total lack of benefits, of assaults on workers' dignity and bodies. of poisonous exposures, excessive overtime, embezzled wages or frisks and searches, as we find repeatedly in press reports on the foreign-funded ventures.

Why this discrepancy? Primarily because while China is in the midst of a transition away from socialism, this does not mean it is going to step directly into the sort of mature capitalism that we in the West tend to associate with a market economy. In those areas where the state is largely absent, the transition to welfare state capitalism as we know it does not take place easily or rapidly, just as it did not in the West.

Instead, what we see is a raw, unadulterated laissez-faire capitalism, made possible in part by the fact that decades of Communist Party rule have undermined the rule of law, given workers little opportunity to organize, and allowed local party officials to rule much as they please.

Firms in the state sector, however, are at least mewhat affected by the regulatory climate and the tradition of benefits and welfare that have shaped socialist work places for some 40 years. Granted, workers in the state firms also suffer under the authoritarian rule of the party. But the regulations of the state continue to provide some protection for workers - at least until the day when more "entrepreneurial" reforms destroy this legacy altogether.

The writer is a professor at the University of California, Irvine. She contributed this comment

to The Washington Post.

Policy-Making on the Golf Course? Are They Serious?

N EW YORK — Somebody once asked Art Buchwald whether it was hard to keep coming up with great ideas for his humor columns. Why, not at all, he said, not in a country that sends a cake to Avatol-

That's all there is to it. These humor fellows just loll around. Now and then they reach out for a piece of real-life wackiness nobody could possibly make up. No research, no interviews, no nothing. For this they get paid huge amounts of money.
So I have to assume An Buchwald

or Russell Baker has already spouled the lead editorial in The Wall Street Journal of May 11. But if not, I offer it to them in gratitude for columns past and favors expected.

The Journal comes up with a really terrific idea for President Bill Clinton. The editorial tells him how to tear up the promises in his own executive order linking continuation of low tariffs to China with some human rights progress by the Communist government, and still come out lookBy A. M. Rosenthal

ing shiny with honor, a regular hero. Golf. Just one round of golf. The Journal wants the president to forget all about that linkage stuff, which it thinks is a lot of nonsense that would hurt trade with China and damage China's "entrepreneurial class."

Lots of Americans in the China trade have been putting pressure on the president to walk, run or wiggle out of the official promises he made to Congress and the American and Chinese people last May, Mr. Clinton has until June 3 to

make up his mind. The Journal is happily confident he will not live up to his commitments to use economic pressure as a way of getting the Chinese Communists to go a little easy on torturing prisoners or allow dissidents to speak up a bit.

The Journal reports approvingly and correctly that that is the word out of Washington, "notwithstanding China's continuing disdain for minimal human rights norms." But it does seem

concerned that changing his mind and breaking his word on China might

make the president look bad. So the editorial says that all the president has to do is to play a round of golf with two Asians not admired by Beijing — the president of Tai-wan. Lee Teng-hui, and a feisty Hong Kong legislator. Martin Lee — and make sure there are plenty of photog-

raphers around. Flanked by these two. Mr. Clinton can announce that he is renewing China's low-tariff trade privilege for the good of the Chinese people. Their presence will be a "rebuke" to the Beijing Communist leaders that presumably will make tears rise to their eyes as they continue exporting their goods to the United States - four

from the United States. But if he makes a decision to break his word without a gesture toward Asia's democrats. The Journal fears "Mr. Clinton will appear to be capit-

dollars' worth for every one they buy

ulating to China's dictators." The

golf game will prevent that, it says. Now, I read The Journal with respect. I think its business coverage is coming along fine and is a potential challenger to that of The New York Times. Generally I have a high rate of approval-nods about its editorials.

So I was struck by the thought that maybe the editorial was some kind of joke, a piece of irony. I called The Journal and was told pleasantly enough that no - they meant it. A round of golf was indeed their proposal — a glistening New World Order of appeasement through sport.

But somehow I do not think it will work. My problem may be that after having spent nine years associating with Asians in my reporting days at the early United Nations and six years living among them as a foreign correspondent, I did not find them the intellectual dolts. spineless fools and malleable wood-headed puppets The Journal takes them to be.

How in heaven can usually intelligent people become so insultingly condescending, so sorrowfully in-sensitive as even to think that Asians or any other people are so dense and unaware of truth as to take a photoopportunity golf game as the moral equivalent of standing by a human rights pledge made by the president of the United States?

No, it will not and cannot be seen that way in Asia, all nicey-nicey. If Mr. Clinton breaks this promise he will, of course, be seen as a man who is neither to be bonored nor considered of consequence — all through Asia and nowhere more clearly and contemptuously than in the government chambers of Beijing.

The New York Times.

Only Force Property Will Free Haitians

By Richard Haass and Stephen Solar 7

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WASHINGTON — After the years of efforts by two the administrations to restote distinctions in the to Haiti by limited senctions in the limited senctions in the policy is not working. Both Research policy is not working. Both Hairin democracy and American crossing.

are now on the line.

Yet it is doubtful that the companies we embargo just adopted by the United Nations Security Continue at work either. Goods will continue at United Inc. enter Haiti from the Dominican n public, and Haiti's military leads will find ways not only to make themselves from the hardsim but a profit from it. Meanwhile, the init of

Harti's 6 million people will be ding deeper into poverty and despis.

Further diplomatic efforts to but ker a deal by which the nulitary eaders would step down and President Jean-Bertrand Aristide would step are almost certain to fail. The Hotisia High Command has no intention of permitting him to come back

Yet without the return of Father Aristide, the winner of the only tree and fair election in the instance of Haiti, it is impossible to concern of settlement that would help reemb

lish a legitimate democratic goes-ment in Port-su-Prince.

Before a band of Haitian hostean managed to scare off a U.S. man vessel in October, the mere thread military intervention might have sal-ficed. Now, nothing short of annel force is likely to succeed.

A military intervention need at 11 [minimate of the control of the military intervention need at 11] and should not be undertaken by he United States alone. In Haiti, a mabatteral intervention would trigger a nationalist reaction. In the lensing of anti-Americanism. In the United States it would produce a backlast against another international barden

There is an alternative; multilated intervention. A U.S.-led coaliting could include forces from Canada Venezuela and the Caribbean Suchan approach might receive UN support once it became clear that the strengthened sanctions were not working for even if both the UN and the OAS balked, the effort would be seen a egitimate in the eyes of most Haitian

Defeating the small, lightly mist and poorly trained Haitian military

would not be hard.

The real challenge would come not in winning the "war" but is securing the peace. Getting in is always easier than getting out. Yet an exit strategy is entirely feasible. The United States could take on the li-on's share of the initial operation. But most of the manpower for the subsequent task of providing secur-ty and establishing a reliable indig-nous force capable of maintaining law and order could come from er countries in the coalition."

Indeed, one advantage of such a intervention is that it would make it possible to disarm and demobilize the Haitian military. In comparison with a political settlement, in which the top brass presumably would be sent into exile while the rest of the military remained essentially inted the replacement of this rapacious rabble with a more honest and itsponsive security force would greatly improve the long-term prospects for decent and democratic government.

To be sure, such an operation would bring casualties. It would not money. Foreign troops might be required for a few years while adequate security conditions were created. And there is no guarantee it would result in the establishment of an article during description. during democracy.

Yet, the alternatives are work Tougher UN sanctions will only destroy Haiti. Lifting sanctions while entering into some cosmetic arrangement with the current regime would constitute a blow to the cause of democracy, not just in Haiti but in the bemisphere. It would further erode the credibility of the United erode the credibility of the United States, which can no longer afford to speak loudly while carrying a small stick. And organizing a legion of Harman country is the control of the country of the count tian exiles to liberate the country would take too long and result in substantially more bloodshed.

As a rule, military force cannot in itself create conditions of democraty. But it can provide an opportunity that otherwise might never come. This is the lesson of Panama and Grende. It should be applied in Haiti.

Mr. Haass was a senior menter of the National Security Council staff of the Bush administration. Mr. Solar's a former Democratic representative from New York. They contributed this comment to The Washington Past.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Inartistic Stamps

PARIS - The great artistic event of the hour is not the Salori of the Champs-Elysees. Nor is it the Salon of the Champ de Mars, It is the failure of the competition for the designs of the new postage stamps. Several hundred artists sent in designs, but they were all, without exception, so bad that none of them were accepted. It seems probable that there will be a return to the old system, under which the State gave a commission

propositions and will present others, and considers that its most important task is to bring about negotia-tions. Scheidemann has been in formed by the leaders of the Centre and Democratic parties that the members from the Government it

surrender are almost completed and call for the utter dissolution of the Prussian-built army. This war's tens for Germany are said to differ from the last war's in that they are der" rather than "armistice" proper als. Among the details now being worked out are those dealing with what German territory would con-tunder control of the American and under control of the American British and the Soviet armies

Clinton Learns How Right He Was

WASHINGTON — A year ago.
President Bill Clinton gave an interview to several of us from The Washington Post that sheds ight on what has happened to him and to America since then. The theme of his remarks was

that "change is not easy." At the end of the interview, be stood before the fireplace in the Oval Office and recited to us a passage from Machiavelli's "The Prince." In a hoarse voice, he said, "Listen

to this: 'It must be considered that there is nothing more difficult to carry out nor more doubtful of success, nor dangerous to handle, than to initiate a new order of things. For the reformer has enemies ... and only lukewarm de-fenders. "He must confront what Machiavelli called "the incredulity of mankind who do not truly believe in anything new until they actually experience it."

Mr. Clinton had been in office less than four months at the time, but already had experienced the ups and downs that have continued to mark his tenure. He had lost the battle over Zoë Baird and had been buffeted on gays in the military. Bosnia was a nightmarish dilem-

ma then, as it is now, and the frustration showed, "I want to ge! it resolved," he said. "I'd like to go on with something else. I wish I didn't have to spend so much time on it." But nothing would be easily resolved on that or other questions, Back then, Mr. Clinton was wresiling with the choice of a Supreme Court nominee. It had been eight weeks since Justice Byron White had announced his plans to retire, and it By David S. Broder

would be four more until Mr. Clinton finally chose Ruth Bader Gins-burg to replace him. A year later, and another Supreme Court vacancy, and again, another prolonged, public agonizing over the choice. Mr. Clinton, we now know, does

not make decisions easily. He likes to walk around a problem and examine it from all angles. He is not exactly a Harry Truman when it comes to resolving his doubts and not second-guessing himself. Nonetbeless, on his main assign-

ment, to promote economic growth and jobs, he has held to his course and produced results. The interview with The Post a year ago was inter-rupted by a phone call from Dan Rostenkowski, reporting that the House Ways and Means Commit-tee, of which he is chairman, had just passed the Clinton economic plan by a straight party-line vote. The president was jubilant. "They got them all." he exclaimed, referring to the unanimous Democratic

vote. "They got them all." The economic plan was approved by Congress, and today's U.S. economy is a far healthier one than that of May 1993. Unemployment is down from 7 percent to 6.4 percent, despite a change in the formula that probably adds a half-percentage point to the court. The NAFTA agreement which Mr. Clinton fought successfully to get through Congress last fall is producing the predicted boom along the border with Mexico.

Even in Michigan, where labor

union and Democratic Party oppo-sition to NAFTA was centered things are going so well that a Detroit newspaper recently headlined,

'Michigan's Economy Sets a Her Pace," with unemployment at its lowest level in 20 years; 96,000 new jobs were generated in April alone. If everything is so good, then why do so many people — includ-ing the president — feel so bad? In a self-pitying moment during his recent televised town meeting in Providence, Rhode Island, Mr. Clinton whined that "I've been subject to more ussault than any previous president," by people

poking into his past.

He has forgotten the jibes other presidents endured. Foes ques-tioned the legality of Lyndon Johnson's first Senate victory. Richard Nixon was reminded endlessly of the Howard Hughes loan to his brother. John Kennedy was ac-cused of letting his father buy his election and Ronald Reagan of living off the charity of rich friends.
But it is not just Mr. Clinton who

is in a pout; the whole country is, A month before we interviewed Mr. Cliriton in 1993, 71 percent of those polled by The Post and ABC News said that the country was "seriously off on the wrong track." Last month. 9 percent were of the same view. Mr. Clinton said in that year-ago

interview that if he could relieve a

lot of the economic uncertainty out there." he was sure people would feel better about the nation's prospects. The uncertainty has been reduced but the pessimism persists. lt seems Machiavelli was right.

The Washington Post.

direct to an artist of position.

1919: 'Dreadful' Terms

BALE - In his speech at the sitting of the German National Assembly in Berlin yesterday [May 12], Premier Scheidemann said that the Peace conditions are unacceptable. Scheidemann also called the terms outrageous, murderous, throttling, strangling, enslaving, excommunicating and everything dreadful. The Government has presented counter-

followers are openly opposed to the signature of the Versailles pesses conditions and will recall their should be decided to sign the Treats. 1944: Surrender Details

LONDON — [From our New York edition:] American British Russin plans for acceptance of Germany

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UN Fears

New Round

Of Killing

In Rwanda

Compiled by Our Staff From Dispatches

troops blocked aid deliveries to ref-

ugees on Friday, and officials said

the discovery of 88 hacked bodies in southern Rwanda could mean a

resurgence of ethnic savagery. In Tanzania, giant U.S. Starlifter

planes landed at a remote airfield

near Lake Victoria, bringing relief

supplies for thousands of Rwandan refugees in the first American mili-

tary venture in Africa since the So-

malia operation. Relief officials here had thought

that fewer reports of killings meani that the ethnic bloodletting had slackened recently, but 88 students were found hacked to death Thurs-

day in southern Rwanda. Seven

people were killed with machetes in the capital. "This is an indication there

might be more grotesque untold stories behind the lines that are not

accessible to us or to the press. said Abdul Kahia, a United Na-

Meanwhile, Tursi-led rebels and

Hutu-dominated army troops skir-

mished with small-arms and mor-

tar fire, again stopping food deliv-

eries from reaching refugees in the

A brief hull in the exchanges of rocket, artillery and mortar fire al-

tions spokesman.

capital.

KJGALI, Rwanda - Renewed fighting between rebels and army

dy Force laitians

Richard Haass Stephen Solarz

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INGTON - fler three anmen Square crackdown of proand ellows by the three democracy protesters prove that the army's repression was right thing to do, according to President sions to restore democracy the it is the fact that U.S. working Boat Hailian and American Cecibility

"A had thing has been turned into a good thing," said Mr. Jiang, who also heads the Communist

China's President

Calls Crackdown

Key to Prosperity

As a result, our program of reform and opening has forged ahead with steadier, better and even quicker steps, and our advantages have been brought into fuller play," he was reported to have told Prime Minister Mahathir Mohamad of Malaysia on Thursday.

Western diplomats interpreted Mr. Jiang's comments and the prominence given to them as a elear wa ning to anyone contemplating a challenge to the regime.

The fact that Jiang was the

mouthpiece underscores the severity of the message," one diplomat

Mr. Jiang was Communist Party leader in Shanghai at the time of the Tiananmen Square massacre and emerged relatively untainted in as saying. the aftermath, which makes his endorsement of the military suppression all the more significant, according to some analysts here.

Mr. Jiang said history showed that the Communist leadership had no choice on June 3-4, 1989, but to erush the demonstrators, who were correct," Mr. Jiang said. advocating political liberties and

Continued from Page 1

gious groups, members of ethnie groups who call for independence,

and political dissidents. They add

18 new offenses to reflect "newly

emerging public security problems in the country," according to the

Xinhua press agency. The provisions were initiated by the Ministry

of Public Security.
Officials declined to provide a

full text of the offenses. But accord-

ing to official reports, these are

· Carrying out activities under

Organizing activities of super-

stitious sects and secret societies to

disrupt public order.

• Disturbing public order and damaging people's health through

Stirring up conflicts between nationalities, horting their unity and inciting separation of national-

Fabricating or distorting facts, spreading rumors or otherwise dis-

rupting public order, or doing harm

to the public interest through other

means.
One offense in particular — dis-

obeying supervisory provisions

while individuals are under surveil-

lance, deprived of political rights,

seems aimed at former political prisoners. These individuals are usually subjected to numerous re-

strictions after their release. Mr. Wei, for example, has been

TRADE:

China Wish List

Continued from Page 1

Ltd., were leading sponsors of a

Restructuring Economic Systems,

which closed Thursday.
"Usually, foreigners don't like to

Consulting and Service Center,

part of the powerful State Commission for Restructuring the Econom-

just want to occupy market share.

On the other hand, Japanese

companies are more competitive

than the Americans," Mr. Ye said.

But while price is still a key con-

sideration here. China is now de-

"Chinese companies now have higher expectations," said Zhou

Chongxin, business development

head of Xuzhou Construction Ma-

chinery Group Co., which has invested more than \$300 million in

modernizing its manufacturing and

Germany and Tadano of Japan.

ic Systems.

cheap."

American firms sometimes are

or on probation or parole"

the name of a social organization

among them:

without registration.

religious activities.

CHINA: Tougher Curb on Activists

Compiled by Our Staff From Dupatches an end to corruption. The demon-BEIJING Five years of prosperity and stability since the Tian-

Unknown hundreds, and perhaps thousands, of demonstrators were killed in the dusk-to-dawn military assault in which members of the People's Liberation Army shot their way through the city into Tiananmen Square, where hun-dreds of thousands of Chinese students, workers and intellectuals had been demonstrating for six

"History shows that anything conducive to our national stability is good," said Mr. Jiang, who rose to power after a purge of leaders who were seen as too sympathetic to the demonstrators.

His comments, carried prominently in the party paper People's Daily and other major newspapers, are likely to be repeated in coming weeks as China's people - and the world's press - reflect on the events five years ago.

"Without the resolute measures taken then. China would not have enjoyed today's stability," the Xinhua press agency quoted Mr. Jiang "In the past five years, China has enjoyed economic development,

social stability and improved livelibood of the people, thanks to our consistent efforts to take stability as an overriding priority." he said. "Facts prove this is absolutely

Olympic Committee was to an-nounce whether Beijing or four

other cities would play host for the

But he angered authorities by

continuing his calls for democracy

and meeting this spring with the

State Department's top official on

being investigated for unspecified

new crimes." His case exemplifies

the continuing persecution that dogs political prisoners once they

Under the new regulations, those

who commit any of the 18 offenses,

but whose violations are not seri-

ous enough to warrant criminal charges, can be held for up to 15

days detention and fined up to

3.000 yuan, about 10 months of an

Because the regulations come

under the category of administra-tive law, the police have the power

has been committed, and to impose

punishments without any judicial

process. Amnesty International has

criticized the new regulations be-

cause they give Chinese police even

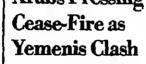
average worker's wages.

He was re-arrested April 1 and is

2000 Summer Olympics.

human rights.

(Reuters, AFP)



ADEN, Yemen - Southern Yemeni forces reported a 10th day of elashes with their northern foes on Friday as Arab League officials tried to broker a cease-fire in the capital, San'a. Evacuation of foreigners continued.

man said on Thursday that northern forces had captured the province and city of Dhalea, 100 kilometers (60 miles) north of Aden. Fighting was also raging at Anad, 60 kilometers north of Aden, and in Ahyan Province, east of the southern port.

Independent verification of military claims was not possiblc.

An Arab League mission, led by Assistant Secretary-General Mohammed Said Bereqdar met government officials in San'a and were to meet President Ali Abdullah Saich

after months of feuding between Mr. Salch, a conservative, and Vice President Ali Salem Baid, a socialist, over the balance of power between north and south in a unified Yemen formed in 1990.



Rwandans like these have taken a precarious refuge in the sports stadium of the capital, Kigali. About 20,000 people have sought shelter there and in hotels and churches.

'I wanted to kiss the ground," he

said in the courryard of the Pales-tinian barracks, which had been

vacated just hours earlier by the

Israelis. Although he now stood

less than a half-hour drive from

Jerusalem, Mr. Mussan said he had

When asked how he would feel

working in close proximity with Is-

racli soldiers whom he had long

fought, Mr. Mussan said. "The sit-

untion just forces us to deal with it.

never met an Israeli, never even

uttered the greeting "Shalom."

Arabs Pressing

A southern military statement said the South was coun-tering northern attacks in the mountainous Dhalea region. which lies on a key road to the southern capital, Aden.

A northern military spokes-

The war broke out on May 4

PLO: Palestinian Police Take Control of Jericho as Israeli Forces Pull Out

Continued from Page 1

and Jordan set in motion a march toward statehood that they believe is irreversible. Jericho, with its population of 15,000, looms large for now in their dreams. Here is where the PLO will establish headquarters in the territories. Here is where Yasser Arafat, the PLO ehairman whose portrait is everywhere now. plans to make a triumphant entry next month. an intention that he reaffirmed in Tunis.

About 1,500 of an authorized 9,000 police officers are now on duty in Jericho and Gaza. Officials expect the rest of the coastal strip to be in Palestinian hands by the middle of next

Although no Israeli soldiers are now based in

Continued from Page 1

service of the Palestine Liberation

Organization, roaming the Arab

world, serving as fighters in the

1982 Lebanon War, and later serv-

ing in the Palestinian brigade in

Iraq.
They were not anxious to discuss what they did in Iraq.
"It's none of your husiness."

While they came prepared with

uniforms that appeared freshly tai-

lored and carried weapons without

a scratch on them, most of the

they were going to do as the new Jericho policemen.

Many of the Palestinians in the

territories whom they have come to

protect speak Hehrew from years

of working inside Israel, and are

well acquainted with the Israelis

after a quarter century of close

proximity and conflict. But Al

their new neighbors, the Israelis were mixed - some were hopeful

snapped Mr. Hassan.

the Jericho district, some are permitted to enter it for joint patrols with Palestinian officers. Those patrols began Friday - four armed Israelis in a jeep followed by four armed Palestinians in a van.

But that aside, the Palestinian officers have yet to take up their duties in earnest either in Jericho or Gaza, for the first days are to be devoted to becoming familiar with the terrain. Similarly, Palestinian civil authorities have yet

to take control in either area. The PLO has named 15 of the 24 members of a new Palestinian National Authority that is to oversee the self-rule, a partial action taken somewhat hasuly to show skeptics that it is indeed getting ready to take charge.

JERICHO: Palestinian Policemen on the Beat Say Jews Are Welcome

A duty is a duty, and it is far

But his personal views, he said,

"The inside feeling I have is a

different thing," he said. "They have to leave our homeland. When

the Israelis came and took our

lands, they did not have discus-

sions, they did not negotiate. When

we take back our homeland, we will

not discuss or negotiate about it."
Sami Tamari. 30, left Bethlehem

when he was a child at the time of

removed from feelings."

were bitter.

zone, with the Israelis almost out and the PLO change in management will be smooth.

In Jericho, people were more than prepared to give themselves the benefit of the doubt.

when the town exploded in rapture as Israel and the PLO signed their first peace agreement and amazement competed with joy.

and Lebanon.

revolution."

lowed relief workers to hand out not quite in. That does not mean that the two some food Thursday to about places have stopped functioning, though. Most 15,000 people living under UN procritical services, from hospitals to schools, were effectively run by Palestinians even under 1s-raeli rule, and the real issue now is whether the tection in Kigali.
On Friday, gunfire echoed from wide areas of the capital, but the heaviest concentrations came from

But Gaza and Jerieho are still in a twiligh

Their celebrations, although sustained, were not as exuberant as those of last September, on the White House lawn. This time, curiosity

the war. In recent years, he said, be

was a "fighter and politician" in Jordan, Kuwait, Baghdad, Syria

"For a while I was president of

the Union of Palestinian Stu-

dents," be said when asked whether

he had an occupation. "It was the

But now the Palestinian fighters

bave reached a new stage, he said,
"We were in a fight, but now we
are in a peace," be said, "We bave
lo understand that phase."

the airport road and from Kanombe camp, an army stronghold adjacent to the airport defended by three battalions. The students' bodies were found at a school in Gikongoro, about 85 kilometers southwest of Kigali.

Mr. Kahia said the seven people murdered with machetes in Kigali, found near the Red Cross building. were killed on Thursday. "My concern is more of these

incidents will be discovered when international organizations have access behind the lines currently held hy militias and other forces."

An estimated 100,000 to 200,000 people, mostly civilians, bave been killed in the slaughter between the majority Hutu and minority Tutsis, the UN and aid groups say.

Militias, composed mostly of Hutu youths organized by extremist political parties, are believed responsible for much of the butchery. (AP, Reuters)

greater power to detain and punish "anyone whom they deem is op-posed to official policies."

BERLIN: The 'Amis' March Away Continued from Page 1 Hans-Dietrich Genscher once put

accused of violating the conditions it. "the Atlantic doesn't get wider?"
Assuming that the schedule remains intact, the farewell festivities of his parole, After nearly 14 years in jail, he was released last September days before the International in Berlin will step up as the weather warms. In mid-June, the three Western Allies will march together for the last time, and in mid-July President Bill Clinton will help close down the Berlin Brigade, formed to protect the city when the added. "There are long memories everywhere in China; if you let peo-ple down, they don't forget it. If you stay with them, they remember

Kohl -- will take place Aug. 31. Already, U.S. troop strength here has dwindled to 2,000, com-pared with 7,000 in 1990, and most of them will be gone hy the time the Sept. 8 ceremonies take place.

Both ABB and Boeing along with Caltex Petroleum Corp. and Peregrine Investments Holding economic conference organized by the International Herald Tribune and China's State Commission for The U.S. Army is now busy vacating barracks, deconsecrating chapels and shutting down schools. The American quarter here, which will revert to the German government, is beginning to look a bit like

transfer technology, they just want to sell products," said Ye Sen, director general of the International a ghost town. Now 63, Mrs. Ritter belongs to a generation for whom the American occupation meant deliverance.

With nostalgia she recalls the enchmarks of survival: the postwar CARE packages from Ameri-ca, crammed with powdered milk, corned beef and chewing gum, her mother's earning dollars by wash-ing and ironing GI fatigues; the Berlin Airlift in 1948-49 and the willing to do it." he said, "but Japa-nese firms often do not. They are usually more conservative. They tons of candy dropped on little parachutes by U.S. pilots banking into Tempelhof Airfield; the definot transfer technology. And if they do, it is not new, high technolant "Ich bin ein Berliner" speech by President John F. Kennedy when he visited Berlin after the wall was "They specifically design products for the Chinese market — basic but

Then, the weddings. In 1969, her eldest daughter; Eva, married Jerry Wolfe, a U.S. Air Force enlisted

man from Brooklyn. In 1980, her daughter Astrid married Sergeant First Class Temo Delcon, of Ontarin, California. In 1989, Jeanette handed his unloaded weapon to the married David Freeman of Gates-ville, North Carolina, who came boys gleefully toyed with the weaphere as a GI and stayed as a civilian

Sergeant William Boyden of Boston. Then Nicole's twin, Patricia, married Sergeant Boyden's buddy, Sergeant Chris Favorin, from Berlin Wall went up in 1961. A Pennsylvania. Collectively, they farewell for Russian troops—to be have provided the Ritters with 11 attended by President Boris N. German-American grandchildren.
Yeltsin and Chancellor Helmut "I'm convinced if we had five

Ritter said.

In 1992. Nicole married Staff

more girls, we'd have five more American boys in the family," Mr.

cooperation, others ambivulent and suspicious. Abu Issam, a 56-year-old soldier.

on and squeezed the trigger. Issam said that since 1967, he had served in Jordan, Syria, Lebanon, Algeria and Iraq. Asked what kind of police work he intended to do in Jericho, Issam said. "First to defend democracy, second to keep law and order, and third to help my peo-Wael Abdel Mussan, 35, a cap-

tain who was born in Jordan, said be had long dreamed of the return to the land of his parents.

DRUGS: Problem on Wall Street

Continued from Page 1 firms." Even before Mr. Kudlow

and Mr. Lazard, there was growing concern among some Wall Street executives about the use of drugs among employees. Some firms started employee assistance programs, making treatment available confidentially.
But other firms did not start such

programs because they were convinced they did not have a problem, doctors and others say.

"Clearly, denial is the order of the day." said Jack Lawn, former Drug Enforcement Administration administrator who is now chief of operations for the New York Yankees and has consulted on drugabuse issues with investment firms.

The subject is so sensitive that

few leading firms were willing to discuss their programs even in general terms, and most refused to comment or be identified for this

This is not something we generally want to talk about" said a Merrill Lynch spokesman, adding. "Merrill Lynch is against drugs."

"We don't wish to comment about the policy or discuss it." said a spokeswoman for Bear Steams. where Mr. Kudlow worked until he resigned in March. A few Wall Street executives

were not so reticent to discuss their philosophy. "We do think about it - I think

the good news is that I don't think about it every day," said William Higgins, a principal and director of human resources at Morean Stanley. "We make it very clear to people that this is something we have put in place, that we fund because we believe that it adds value to the Morean Stanley franchise. I don't mean this in the sense of making it a nicer place to work but I mean

BOSNIA: West and Russia Call for a 4-Month Truce

Continued from Page 1

showed little inclination to revive peace talks and said they would take part only if there was a Bosnia-wide truce first. The Bosnian government fears a truce would freeze current front lines, giving Serbs most of the country.

product lines.
Last year, Xuzhou Machinery
exports hit \$31 million, a 72 percent increase over 1992, which Mr. Zhou largely attributed to its techand Russian delegations here renical cooperation with Liebherr of and kussian that movement could the United States or any other

government. In a contradictory step, however, the Senate also voted, 50 to 49, to require President Bill Clinton to seek UN and North Atlantic Treaty Organization support before lifting the arms sano-

Russian legislators responded The presence of the American angrily Friday by deciding to lift be forced on the combatants.

The U.S. Senate voted, 50 to 49,
On Thursday to lift the arms embaron Thursday the lift the arms embaron Thursday to lift the arms embaron Thursday the lift the arms embaron Thursday the lift the arms embaron Thurs venture with Caterpillar inc. to the build backhoes is typical of the build backhoes is typical of the type of deal Xuzhou believes will type of deal Xuzhou believes will go against Bosnia unilaterally to Ejup Ganic, a member of the go against Bosnia unilaterally to

help the out-gunned Muslim-led Bosnian presidency, said the U.S. vote to end the embargo would help get the Serbs back to the table. Bosnia's prime minister. Haris Silajdzic, said he was cautious about resuming negotiations.

"The problem is that we've hear through negotiations before, and each was accompanied by aggression and attacks from the Serb side to create pressure," Mr. Silajdzic said. "We want to know what are the guarantees we won't be attacked - not assurances, firm

(Reuters, AP, AFP)

UNEQUIVOCAL MARKS OF PRESTIGE



LES AMBASSADEURS

Canada 39 rue du Rhône Luzern: Grendel/Weggisgasse 1 Zürich: Bahnhofstrasse 64 SI-Moritz: Paloce Galerie Lugono: Vio Nossa 11

CEMEVE LUZERN

ZÜRICH

ST-MORITZ

LUGANO

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Mixed News for Europe

The crispest summary of Europe's parlia-mentary election is that, with a single exception, this was a vote not about Europe but about 12 separate countries. It will send no tingle down the spines of those who seek a Europe prepared to act as one. Turnout, at around 56 percent, was slightly lower than in the previous election in 1989. And those who did vote overwhelmingly wanted to say things about their national politics, not about the politics of Europe as a whole.

What they said was bad news for John Major's Conservatives in Britain and Felipe González's Socialists in Spain. Just as predictably, Silvio Berlusconi's new Italian government was given the Euro-slot previously occupied by the scandal-smashed Christian Democrats. The vote confirmed the German opinion polis' earlier good news for Helmut Kohl, whose steadiness under fire in economic hard times now gives his Christian Democrats a chance of holding off the Social Democrats in Germany's own election in October.

By the all-Europe test, this was parishpump voting. The exception was in France, where the party led by Philippe de Villiers won a startling 13 seats. These people go to the European Parliament to resist the centralizing power of the Maastricht treaty. They did far better than the German anti-centralizers led by Manfred Brunner. In that contrast lies a potential test for the European Union.

The new Parliament's Christian Democratic contingent is bigger than expected, mainly because Chancellor Kohl did so well in Germany. The Christian Democrats want a federal Europe, and will hope to point the Union's vernments in that direction when they meet to talk about the Union's future in 1996. But no great change in Europe can happen without the joint consent of France and Germany. And it will be harder for any French government to agree to new centralizing moves now that the French doubters have won a foothold in the European Parliament. This road forward looks even stonier than before.

There is, however, another road that suddenly has a clearer view ahead. The most important Euro-vote of the past week was in none of the Union's 12 countries. It was in Austria, whose people on Sunday said with a clear voice that they wished to join the Union.

The Austrian vote makes it likelier that Sweden, Finland and Norway will say the same when they hold their referendums later in the year. That will make it easier to argue for extending the Union deeper into Central Europe, to take in Poles and Czechs and Hungarians - maybe even Slovaks and Slovenes - as well. The widening of the Union will not be easy. It will mean battles about its farming policy, about the distribution of its regional aid, about the shape of its future constitution and about the purpose of the entire enterprise. But a wider Union is the one thing that most Europeans clearly seem to want by the millennium's end.

INTERNATIONAL HERALD TRIBUNE.

Change in Mexico

Mexico's political life is moving far from its accustomed track. The presidential election is on Aug. 21, and the long-dominant Institutional Revolutionary Party, the PRI, is heavily favored to win. But for the first time since 1929 this is not an absolute certainty. And that is not the only evidence of fundamental change in Mexicans' attitudes about the generally benign but highly authoritarian one-party system that

has been running their country.

The PRI's candidate, Ernesto Zedillo, is a highly skilled technocras, but he lacks the polisical experience of his assassinated predecessor. Luis Donaldo Colosio, Now that the party is under unusual pressure, one quescion is whether Mr. Zedillo will allow himself to be pushed into compromises with the party's old-line bosses, who are by no means ready to share power and patronage with other parties. At the top of the PRI there is a real desire to open up and clean up the electoral system, but there has always been a strong temptation to resort one more time to the old tradition of vote-rigging.

Until recently it had seemed that the major challenge to the PRI would inevitably come from the left. But the left has been fading in the polls, and the real opposition is now on the right - the National Action Party and its candidate, Diego Fernández de Cevallos. One

consequence is that the North American Free Trade Agreement with the United States and Canada is not turning into much of an issue. Most voters seem more interested in which of these two parties can best lead the country through rapid change and growth driven by the foreign competition to which the Mexican economy is now exposed.

The PRI has been damaged by its mishandling of the response to the Colosio assassination in March. President Carlos Salinas de Gortari set up an investigative commission that has now resigned in a body, charging that the government never gave it the authority it needed for a genuinely independent inquiry. The president also appointed a special prosecutor, who first declared that the killing involved a conspiracy, then some weeks later acknowledged that there was no evidence that it was anything but the work of a lone gun-man. The effect has been to generate clouds of suspicion and conspiracy theories.

In the past a Mexican presidential election has been little more than the ritual enthronement of the PRI's choice. This year it's different. For the first time in the life of all but the oldest of voters. Mexico is moving toward results that are not totally predictable.

-THE WASHINGTON POST.

Moynihan to Clinton

dling heath care reform, Senate Finance may well be the one with the best chance of putting together a bill with enough Republican support to carry the full Senate. Its makeup of [1] Democrats and nine Republicans encourages bipartisan bargaining. That is why the odd bill proposed last week by its chairman, Senator Daniel Patrick Moynihan, is important.

Viewed as a health care plan, the bill disappoints. It borrows in modified form the president's idea of requiring employers to pay for workers' insurance. But it would allow individuals to use outside regional purchasing cooperatives; that invites the healthy to peel away and leave the chronically ill. And Mr. Moynihan shrinks back from proposing a limit on the tax deductibility of premiums the best way to get consumers, and therefore health plans, to pay attention to costs: he thereby proposes a market-based system with

no effective market incentives. In a word, odd. But Mr. Movnihan was playing politics, not health economics. And his touch appears deft. He offered a bill that, despite differences, borrows heavily from the Clinton plan because be knew it would fail - proving once and for all that the president's plan cannot win and that horse trading is essential.

The Moynihan bill will not attract moderate Republicans, like John Chafee of Rhode Island and John Danforth of Missouri, or conservative Democrats, like David Boren of Oklahoma, because they are not ready to accept a strict employer mandate. After the plan fails in committee, Mr. Moynihan knows that the key players will have to make a fateful decision: either compromise or walk into the November elections with no reform in hand.

The disturbing outcome of last week's goings on is that "no bill" seems an increasingly popular option. Republicans like Representative Newt Gingrich of Georgia and Senator Phil Gramm of Texas are gearing up to go before voters and take credit for saving them from, in their view, President Clinton's version of socialized medicine; and the right-wing tug seems to be driving the powerful Senate minority leader. Bob Dole, away from compromise, perhaps afraid that his colleagues will slice him up if he makes a deal with the White House.

Of the five congressional committees han- There are plenty of Democrats, like Representative John Dingell of Michigan, who are also threatening to pass. They privately express a willingness to go into November blaming the Republicans for the death of health reform rather than accept a bill that backs away from Mr. Clinton's lavish promises.

Ending 1994 without a bill would squander historic chance to guarantee citizens of the richest nation that medical catastrophe will no longer lead to financial catastrophe. The legislative season will be shortened by the elections. The only force big enough to turn the politics around in time is the president. And he will have the opportunity when he brings Mr. Moynihan and the Finance Committee's ranking Republican. Bob Packwood. to the White House on Tuesday. He should state unequivocally what compromises he could swallow in order to get a bipartisan deal.

That might mean phasing in universal cov-erage more slowly than he originally proposed. It might mean exempting, for now, small employers from an employer mandate. Independent studies show that more than 92 percent of the population, accounting for per-haps 97 percent of health care expenditures. would be covered by reform that required insurers to sell coverage to every applicant at identical rates, with government subsidies for low-income families. There are many ideas

around for picking up the stragglers.

Mr. Moynihan has put the ball in Mr.

Climon's court, which is where it belongs. - THE NEW YORK TIMES.

Other Comment Russian Sacrifice for D-Day

I thought the Normandy campaigners came off well last week; but my own thoughts dwelt heavily on the people of Russia. Between Hitler's ill-fated invasion of the Soviet Union in 1941 and D-Day, our Russian allies los: some 5.3 million combatants, 49,000 tanks and 30,000 airplanes. Yet they were still holding down about 200 German divisions on the eastern front. — W. F. Deedes, commenting in The Daily Telegraph (London).



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'Crispy crow with most favored noodles — God, I love Chinese food!'

A Serious Setback for Human Rights Diplomacy

N EW YORK — Bill Clinton was seeking to solve a political problem when he snapped the link between China's human rights practices and its American trading privileges. Yet by re-warding rather than punishing China's rejection of reasonable American buman rights demands. President Clinton damaged the credibility of American burnan rights diplomacy everywhere. That is no small loss.

Two decades of intermittent and occasionally successful U.S. human rights pressure on behalf of, among others, East European dissidents, South African blacks and victims of Latin American juntas made a difference to thousands of individual lives and made it easier for democrats

in those societies to fight for political change. The unhappy consequences may not be con-fined to citizens in dictatorships. Values can unite and inspire Americans in ways that brutal realpolitik or money lust cannot. Campaigns against arbitrary imprisonment, torture and forced labor and in defense of free expression broaden the appeal of American foreign policy, drawing ordinary citizens into world affairs.

Even after a beavy business lobbying campaign, polls showed strong popular support for using trade leverage to expand human rights. But the rhetoric of mega-profits and jobs in the hot China market eroded Washington support for trade sanctions. Mr. Clinton then shoved aside what had been a unifying expression of American By David C. Unger

ideals in the name of economics and geopolitics. The message to the world's repressive regimes is now painfully clear: U.S. threats to impose economic sanctions to enforce buman rights standards can in most cases be safely ignored. If your market is attractive, your support for U.S. diplomacy imreliable and your military power menacing, you can abuse your citizens at will, regardless of promises that you may have made to Washington or international agreements that

you may have signed.
Why should China's leaders now think twice about persecuting and torturing dissidents, wag-ing cultural warfare on Tibet or intimidating domestic and foreign journalists? And if the United States puts human rights pressure on smaller, weaker nations, like Haiti or Singapore, they can credibly claim to be victims of a great-power double standard that allows twisting the arms of the weak but not of the strong. Such bullying may work, but it lacks moral force and invites a nationalist backlash.

Recent American human rights diplomacy was launched nearly two decades ago by the moral idealist Jimmy Carter. Although directed at different targets, the diplomacy was enthusiastically pursued by his anti-Communist successor, Ron-ald Reagan, before being shelved by the Realpolitiker George Bush. President Bush was not inter-

tiker George Bush. President Bush was not interested in using American leverage for human rights. But burnan rights sanctions remained a credible tool for use by a future president.

China, for example, had to think about the possibility of a tougher stand by Mr. Bush's Democratic successor. By deploying human rights pressure and then retreating at the first sign of resistance. President Clinton has sacrificed that credibility, perhaps for years to come.

American foreign policy cannot pivot exclusively, or even mainly, around human rights. Hardheaded issues of military security and economic interest are compelling and must form the centerpiece of any sensible approach. Yet to deserve and win the support of the American

deserve and win the support of the American people, a foreign policy must also reflect and dvance American values

From the days of the Monroe Doctrine, first formulated as a policy of keeping the Americas free from Old World imperialisms, to the crusading zeal of the Cold War, successful American foreign policies have always contained a strong idealistic component. With the Evil Em-pire rolled back and the United States physically secure, that idealism requires a new and constructive focus if America is to remain internationally engaged.
It is a shame, in more ways than one, that Mr.

Clinton caved in so easily on human rights. The New York Times.

Back to 'Reform,' 50 Years After Bretton Woods

By Hobart Rowen

WASHINGTON — This year brings the 50th anniversary of the international conference at Bretton Woods, New Hampshire, in July 1944 that established new rules for the global monetary system. The Bretton Woods agreement created the World and the International Monetary Fund, and set out the system governing major nations' exchange rates. Dollars, with a precise value in gold,

were at the center of the system. The Bretton Woods agreement un-derwrote a period of global prosperity from 1944 through the mid-1960s by maintaining fixed exchange rela-nonships among the major curren-cies. Then inflationary cracks began

to appear in the system. In 1971, after a celebrated meeting at Camp David, President Richard Nixon broke the link between the dollar and gold, creating a system of floating exchange rates. Since then vernments have tried to "manage" the float, or to keep exchange rates within acceptable ranges. But success

has been elusive. Now, in the post-Cold War era. there is increasing talk of "reform" of the monetary system aimed at restoring, at least in part, the fixed-rate concept that began in 1944.

A commission headed by Paul Volcker, the former Federal Reserve Board chairman, will issue a report this summer suggesting adoption of formal "target zones" for exchange

rates, long advocated by the Institute for International Economics led by C. Fred Bergsten. Mr. Bergsten would limit fluctuations of the dollar against the yea, the Deutsche mark and so on to a "zone" plus or minus 10 percent of an agreed upon figure.

Unexpectedly, IMF Managing Director Michel Camdessus said in a speech last week to the Bergsten group that a move toward target zones would allow for a more stable and predictable economy. But in Spain on May 9 he conceded that he had not dealt with "the more fundamental question of the central anchor of a stable world system."

In the Bergsten scenario, the IMF, rather than the Group of Seven, would have responsibility for manag-ing exchange rates. Without that function, Mr. Bergsten warns, there is little excuse to continue the IMF as a separate agency; it could be merged instead, with the World Bank. In the fall, at the annual IMF/World Bank meeting in Madrid, all these issues

will be discussed What would loom most important, especially to business people, is any way to reduce the volatility of exchange rate fluctuations. Many of the recent high-profile hedge and deriva-tive fund operations were triggered by a private effort to create insurance against wild swings in exchange rates.

But it is easier said than done, as former Treasury Secretary James Baker discovered when he tried to

set up a system in between fixed and flexible rates, at the famed Plaza Hotel conference in New York in 1985, again in Tokyo in 1986, and then at the Louvre in 1987. Trade imbalances remain political-

ly troublesome after these exchange. rate experiments. The experts are back at the drawing boards, seeking that clusive formula for currenties that will create just enough stability, but not rigidity; and just enough flex-ibility, but not huge gyrations. The significance of Mr. Camdes-

sus's endorsement of reforms to reduce the volatility of exchange rates is his implied blessing of the present rates as close to the right ones. Japa-nese officials, who have seen the markets boost the yen close to 100 to the dollar (it was 360 to the dollar at the end of World War II), will not like

being locked in at that rate. Chinton administration officials are skittish about endorsing precise target zones. Lewrence Summers, Treasury underscretary for monetary affairs, doubts that governments can get the rates "right." If the markets challenge. the rates, Mr. Summers disputes the notion that they can be defended merely by central bank intervention in the foreign exchange markets.

Mr. Summers feels that it would also take manipulation of interest rates. And that might run contrary to an administration's domestic agenda.

No American president would be happy if he were forced to put the nation through a dosestic recession exchange rate.

Treasury Secretary Lloyd Bentsen continues to look on the Group of Seven as the vehicle for international cooperation, Mr. Summers said. He does not plan to transfer exchange rate management to the IMF. The role Mr. Summers sees for the IMF of the future is less involvement with the industrial nations' exchange rate problems, and more with the devel-

opment needs of the Third World.
The Clinton vision of international monetary reform, as outlined by Mr. Summers, is aimed at "widening" the process rather than "deepening." it. The buzzword is "shared prosperity"

m the post-Cold War era.

It is less a replication of Bretton
Woods than a focus on micro issues (such as jobs, as discussed at the recent conference in Detroit) and on inclusion of other countries in the dialogue, in the pattern of the North American Free Trade Agreement. Next on line: extension of NAFTA-like privileges to 24 Caribbean na-tions at a bliami conference at the

In Taiwan, a Bubble Threat With a Silver Lining

T AlPEl — Japan's bubble and its aftermath are well known. Hong Kong is in the throes of one, with the familiar merry-go-round of cheap credit feeding property and stock booms. Taiwan, despite being shel-tered by controls on inflow from last year's world liquidity boom, is show-

ing similar signs.
Didn't Taiwan have its bubble back in 1990, when the stock index went from 4,000 to 12,000 and back to 4,000? True. But that bubble was created by liquidity in an economy that for several years ran a trade surplus of more than 10 percent of GNP, where bank learns to describe GNP, where bank loans to deposit ratios were only 60 percent and do-

mestic credit was only half of GNP.
The boom and bust had little economic impact other than to redistribute ownership and wealth and make the Taipei stock exchange into one of the world's busiest; even in 1993, a dull year, its turnover averaged more than \$1 billion a day, nearly double that of Hong Kong. The current Tai-

wan bubble is different.

The pace of adjustment to a strong currency and high wages has exceeded expectations. Domestic demand has boomed, while U.S.-enforced appreciation of the currency and double digit wage rises have led many industries to move to cheap-labor locations in Southeast Asia and China. The ending of travel restrictions has made Taiwanese into some of the world's most eager tourists, spending a colos-sal \$7.5 billion last year.

The net result of all this is that the trade surplus is down to around 2 percent of GNP and the current account is only in the black because of earnings on its \$85 billion foreign reserves. Meanwhile, \$5 to \$10 billion a year in capital is moving out.

By Philip Bowring

All this is good news for neighbors and trading partners, for Taiwan con-sumers and even for many industries which have shifted into high value-added activities. A combination of expertise and mobile capital is making Taiwan an ever more important player in electronics and computer peripherals and enabling its plastics and fiber companies to more than hold their own in the global analystiplace.

There is bad news, too. While domestic manufacturing investment has been shaggish, there has been an ongoing become in land wrose and minute.

ing boom in land prices and priv construction. Stock prices have had a bumpy ride since 1990, but land prices have been buoyed up by ever increas-ing amounts of credit. A speculative building boom has been spurred by changes in land use regulations.

The situation is dangerously unsustamable. Underlying demand is real enough. Taiwan's housing stan-dards fall far short of its attainments in other fields. But few can afford the sky-high prices. Apartment prices in Taiper are between 10 and 15 times average household incomes.

Even with 30-year mortgages, that explains the ever growing inventory. Estimates of the number of empty apartments range from 550,000 to 700,000, in a country of just 23 million. And the building goes on. Vacancy rates for new offices are 30 percent Taiper and higher elsewhere.

The government is keeping interest rates low in an effort simultaneosuly to arrange a soft landing for real estate and banking sectors, and help manufactured exports by weakening the currency. The policy may succeed with exports. Many developers will be safe because they acquired land before the price boom. But no one can dispute that in the past four years domes-tic credit has risen by 110 percent while nominal GNP is up less than 40 percent and the ratio of bank loans to

deposits has risen to 90 percent. Without hig land price falls—which would hurt government revenues as well as developers—Taiwan may be headed for a shump in domestic investment. Yet the necessary price fall, which the developers are resi will bring with it many bankruptcies.

The banks still all have majority

state ownership, so there would be no question of collapses. With inflation under 4 percent, an increase in inflation to provide a soft landing is tolerable. As for the economy as a whole, its export orientation - and weakening currency — provide alternatives not available in Japan, where a rising-yen added to the deflationary impact of the bursting of the bubble.

If private investment shumps, the

government could speed up its own, recently curtailed infrastructure investment. For now, the faster money growth being engineered by Taiwan's central bank has brought stock prices back above the 6,000 mark from 4,000 a year ago. But critics suggest that this is merely helping to push cash-strapped developers and banks with poor asset quality into shallower water farther from the shore.

For once, foreign investors may not have been hooked. Foreign institutional money, moving in as fast as a reluctant central bank will allow; goes mostly into manufacturing stocks, es-pecially electronics, plastics and textiles. Financial and construction sectors are being avoided. But Taiwan is sufficiently small and enough manufacturers have dabbled in property de-velopment that a bad accident in that

velopment that a bad accident in that sector would have wider manifications.

The silver lining is that the situation will induce the authorities to speed up liberalization and make serious efforts to develop Triwan, as a regional service as well as manufacturing contervice as well as manufacturing contervices. vice as well as manufacturing center.
The foreigner may not be able to buy
those empty apartments, but refugees
from Hong Kong's even more absurd
real estate prices and uncertain political future could fill some of those empty office blocks.

International Herald Tribune

For Kim By Anthony Lewis WASHINGTON — If Kim Il Sung has heard about Western criticism of Clinton loreign policy as wavering and thinks he can bluff or threaten the United States out of firm

Resolved,

No Bomb

enreaten the United States out of first action against his nuclear weapons program, he is making a mistake.

On this issue the administration's watchword is resolution. So I believe after conversations here. I do not sense the tentativeness that has marked the search for effective polimarked the search for effective poli-cies in Bosnia and Haiti

The American national security interest in the Korean nuclear question is overpoweringly clear. If five or 10 years from now North Korea were making numbers of nuclear weapons and selling them, with missile systems, to Iran or Iraq or other rogue regimes, it would be a different world—an intolerably more

dangerous one:
For three years, under Presidents
George Bush and Bill Clinton, the
United States tried to deal with the United States tried to deal with the problem by diplomacy. The North Koreans responded by bobbing and weaving indicating at times that they would allow full inspection of their nuclear facilities if the United States opened diplomatic relations, then abruptly barring international inspectors from the site that would have shown whether they had dissert-

have shown whether they had diverted nuclear fuel to bomb-making.

Now the Clinton administration is moving to economic sanctions. Over this past weekend American officials agreed on a sanctions package with two crucial partners, Japan and South Korea, The Japanese government was either less reluctant about the idea than had been reported, or

the United States brought it around. The plan is for sanctions to be applied in phases, becoming increasingly severe if North Korea remains intransigent For example, a ban on North Koreans in Japan sending money home they send as much as \$1 billion a year — might not be imposed intil the second phase. But the entire package has been agreed and does not have to be renegotiated

with Japan or South Korea.

The big question mark on sanctions is China. North Korea's neighbor and supplier of the one import on which it is most dependent oil. The Chinese government has been critical of sanctions. But there are also signs, that it is worsed about the instability caused by the nuclear policy of its

longtime ally in Pyongyang.
Will sanctions work? No one can
be sure that they will persuade Kim Il
Sung to back down on his nuclear weapons program. North Kores is largely self-sufficient, and its family dictatorship can ignore public con-ion. But the country's economy is in terrible shape, and sanctions will at a

inimum increase the pain. It will in any event take much determination for the United States and its friends to see the policy through. North Korea will undoubtedly float new negotiating ideas, as it has already started to do. Real results will

not come instantly.

What are the results that the Clinton policy seeks? First, and most important, to prevent diversion of nuclear fuel to weapons in the future - by opening the critical processes to inspection. Second, to find out, as best inspectors still can, what happened in the past, so that the world does not. seem to be winking at past violations of North Korea's obligations under the Nonproliferation Treaty.

Some observers are critical of the

phased sanctions plan as too slow, too weak. But on this problem steadiness is more important than speed. For there can be no quick fix. Talk of a preemptive strike on North Korea's nuclear facilities ignores the reality that such a strike could spread nuclear fallout over much of Asia. And North Korea would surely respond by attacking the South — whose capi-tal, Seoul, is just 50 kilometers from-the border. The allies would win the war, but at a heavy cost in casualties.

The best way to show firmness is to The best way to show immess is to beef up the U.S. military force in South Korca, now 37,000 strong. The Clinton administration has sent Patriot missies and taken other undisclosed measures requested by the commanding general, Gary Luck 1 think it should take the demonstrative further step of sending one or more additional force units. The Kim government, after all, has said it would regard sanctions as an act of war. Sanctions must be accompanied by a strengthened deterrent.

President Clinton has not yet given
his final approval to the plan for
pressure on Pyongyang. When he
does, he should explain the stakes

and his measures to the public.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1894: Corean Crisis

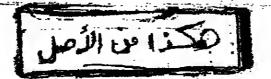
PARIS - Africa is not the only continent which causes anxiety to the Powers of Europe. Asia is contributrowers of enrope, ease is contributing its share, for the latest news received from Corea is surphing but
satisfactory. A fresh ming has taken
place in the country, but it is not yet
known whether or not it is specially
directed against foreigners. Should
such prove to be the case, not only Japan and China, but Russia may interfere. Another Eastern question would then be mised: an event which

would be most undesirable. 1919: Cost of Paris Life

market, consignments of chilled mear totalling 150,000 kilogrammes (or 150, tous) recently arrived in such a gamey condition that even speculating wholesale butchers refused to make any bid for it.

1944: Germans Hit Back

WITH THE AMERICAN 4TH DI-VISION NEAR MONTEBOURG. VISION NEAR MONTEBOURG—
[From our New York edition:]
The Germans fought their way back into Montebourg and Carentan this morning [June 13], and the infantrymen of the old 4th Division, which helped write history in France in the last war, are battling them in the PARIS Prospects of a reduction in bourg, with deadly fighting from the high cost of living in Paris are bourg, with deadly fighting from bourg with deadly fighting from bourg with deadly fighting from bourg with deadly fighting from the contrary every indication of a sweating unshaven men locked that the contrary every indication of a sweating unshaven men locked that the artiflety has ceased fire. The planes are flying low overhead, unowing the defective handling and the death-strewn roads outside town, allowed to not daily. At La Villette the death-strewn roads outside town.



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Washington show puts his frenzied art into balance.

The Essence Of de Kooning

By Paul Richard Washington Post Service

ASHINGTON — De Kooning at his best is the stormiest of masters. His brush strokes hook and sweep. His figures fly to pieces — a breast becomes a rolling eye, shoulders a horizon. There's always been a rolling turbulence about him. Nothing in his art moves in one way only. Figurative, abstract, avant-garde yet old-fashioned, it owes as much to jazz and the crackle of Manhattan as it does to his countrymen Vincent van Gogh and Frans Hals: De Kooning bas just turned 90. Holland-born and trained, that giant of the New York School is the United States's Dutch Master. No living painter has done more to

loosen and extend the easel painter's art.
"Willem de Kooning: Paintings," which opened this week at the National Gallery of Art, does something unexpected: It allows the artist's frenzied pictures free rein, yet puts them into balance. This show hurls itself upon you like some curling, crushing wave — yet even as it does so it makes de Kooning's oceanic art absolutely clear.

even as it does so it makes de Kooning's oceanic art absolutely clear. It's not a vast exhibit. With 76 pictures, it's about a third the size of the de Kooning retrospective 10 years ago at the Whitney in New York, but it's nowhere agar as scattered. Nor is it as mixed as the Hirshhorn's recent survey, that record of a friendship between painter and collector that opened last October just across the Mall. This show aims for grandeur. Its curators sought the painter's finest works, and for the most part got them. Rightly they excluded his big galumphing bronzes, his half-cartoony sketches, and the scribbles be produced (with his left hand) while staring at the TV

scribbles be produced (with his left hand) while staring at the TV. Like most improvising chance-takers, de Kooning often missed. He seldom does so here.

This show scans his long career, or at least its high points, and locks them into order with such crispness and finality you can almost hear the click. It opens with his portraits from the last years of the '30s, those greenish haunted studio scenes so indebted to Picasso and to his friend John Graham. It closes — or, more accurately, sort of fades away — with his airy and untroubled whitish open canvases of

Willem de Kooning: Paintings" will travel to New York's Metropol-tian Museum of Art and then to the Tate in London after it closes here Sept. 5.

In N.Y. Sales, Star Quality Amid Duds

🍸 EW YORK — In the 🍍 most sharply contrasted played on the auction scene, the market has just demonstrated its vigor where Impressionist and Modern Art is concerned, as well as the cool professionalism of

Attempts at playing games with them are ruthlessly sanctioned by the buyers, as Christie's was the first to learn on Tuesday — a lesson that Sotheby's was prompt to adjust to on Wednesday within the limits of feasibility.

That money is available in abundance for pictures will hardly be questioned after \$102 million -\$50.6 million at Christle's, \$51.5 million at Sotheby's --- was spent in just two evening sales. Some extraordi-

SOUREN MELIKIAN

nary prices were paid for top-of-thebasket works, even though none of these fell into the unforgettable mas-

terpiece category.

Sotheby's led with the phenomenal \$11,662,500 given for Gustav Klimt's portrait of a woman done shortly before the artist's death in 1918. The square picture, 100 by 100.3 centimeters (39 by 39.5 inches), which belonged to the late hillionaire Wendell Cherry, is large and, as such, rare. But it is not in the crisp, tense style of the master's younger years. Done in the pastel colors of Impressionism, it has an introspective quality that goes back to a century-old tradition of European portrait painting. This makes the price, which set a world record for Klimt, even more astonishing.
The other star in Sotheby's

Wednesday sale could not have been more different. Mondrian's geometrical composition done in the years 1939-1942, is an umpteenth variation on the gridlike design with black lines crossing at right angles and squares of color lodged here and there, It is in immaculate condition, a rare feature in Mondrian's fragile and frequently restored De Stijl period pictures. The picture climbed to \$5.6 mil-lion, which is just about right, professionals say.

While it tested the waters on Tuesday, Christie's also enjoyed considerable success with two of its star pictures. At the beginning, lot 2 was a Fauvist landscape of 1905-1906 by Maurice de Vlaminck. It has a lyrical rhythm created purely by color. At \$6.7 million, 50 percent more than the high estimate, it became the third most expensive Vla-

Then there was a wonderful Cubist still life done by Picasso in 1913. Lighter tones than usual combined with the dancing rhythm of the vertical elements made the picture sing. It sprang to a prodi-gious \$6.3 million.

Having gotten off with a bang in the first three lots, Christie's sale suddenly ran out of steam. A still life of a fruit bowl and pipe done by Braque, in an clongated format that makes it difficult to sell, pulled through. Redeemed by its exquisite pastel tones and a rhythm that plays on its horizontality, it managed a creditable \$497,500.

justified a \$1.5 million to \$2 million estimate. The gouache on board by later varnishing. The Leger was crashed unsold at \$1.1 million. A unsold as bidding stopped at \$2.4 Fernand Leger of would-be Surre-million. alist inspiration fundamentally in-



A phenomenal \$11,662,500 was paid for Gustav Klimt's portrait of a woman done shortly before his death in 1918.

compatible with the artist's outlook painted by Modigliani in 1919 fell from Day One) dropped dead at One of the would-be star pictures geared to logical construction, was incoherent. Its \$700,000 to \$900,000 estimate was the only trusurrealist feature. No one moved as it fell flat on its face at \$400,000.

A third mistake in aesthetic assessment nearly killed Gauguin's far more ambitious "L'Aven à Travers Pont-Aven." The year 1888 pro-duced sublime landscapes. But this is not one of them. The bottom strip gives the impression of having been hastily smeared over, and so does another green patch over the house, as if Gauguin had decided to expedite an unfinished work. The landscape hardly belongs in the \$5 million to \$7 million range as suggested by the estimate. The auctioneer wisely let it go on a \$3.8 million bid

-\$4.2 million with premium. It is never very belpful to recognize that estimates are unrealistic while a sale is under way. Further concessions were made all the way down the financial scale, sometimes on perfect nonentities such as a 1948 Duhuffet that few would be able to tell from the work of a promising young cartoonist in his teens. It fetched \$36,800.

When it came to the bigger lots where Christie's enjoyed no leeway. the havoc was considerable. A But Christic's had no such luck
when it came to real duds. A spoofy
portrait of a woman sewing, loosely
painted by Picasso in 1906, hardly
\$3.5 million to \$4.5 million if the paint surface had not been wrecked

The portrait of Annie Biame

less experienced buyers, who have heard 100 times that inclusion in the Ceroni is the guarantee of authenticity, were too scared. The portrait (which is documented

victim to the fact that it was left out

of Ceroni's catalogue raisonne.

Connoisseurs did not like it well

enough to go along with the \$5 million to \$6 million estimate and

\$3.5 million. Add an unspeakable. possibly unfinished. Monet view of a pink cance in murky waters the Grand Canal, broadly (some bought in at \$4.2 million, and the pattern was set for a difficult evening. It ended with exactly balf the works failing to find takers. Sotheby's could have fared even

dealer says that a "sublime" abstract Brancusi sculpture incorporating wood and stone was sold for \$10 million in the United States within the past few months. Fortunately, Sotheby's came second in the chronological sequence experts were accordingly in a posithe risk of sticking to the estimates and assorted reserves. This surely

months according to dealing

sources, it was, they say, doomed from the outset. Not through lack

of money or interest in Brancusi,

though. Tilo von Watzdorf, a for-

mer Sotheby's expert turned art

of the big evening sales and its tion to alert some of the vendors to elped in unloading some seemingly bopeless works. A very awkward Degas sketch of a woman bending as she dries herself beside a bathtub was knocked down to its buyer at \$290,000, its \$500,000 to 700,000 estimate notwithstanding. A skimpy watercolor by Paul Klee, "Strasse bei Villa Mazzaro," done in Sicily in 1924, was sold on a \$110,000 hid, under the \$150,000 to \$200,000 estimate.

Higher up the financial ladder, Chagali's "Paysage de Paris." late (1978) and pale, miraculously found a huyer willing to bid up to \$1.1 million (\$1.2 million with premium). if not nearly as high as the \$1.5 million to \$2 million estimate. That such paintings should sell at all says a lot about the bullishness of the market. In the event, Sotheby's got away with 50 out of 69 lots sold, a real score with so much deadwood,

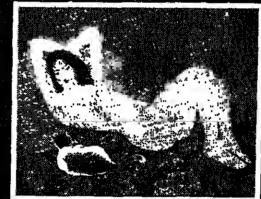
Perhaps the soundest indicator of a bubbling market was to be found in the daytime sales, less ambitious in scope. There, auction houses take greater care in giving realistic estimates. At Christie's, the morning and early afternoon sales Tuesday gave the feeling of bustling activity with more than 78 percent of the lots selling. When it came to the estate of the late historian of Impressionism, John Rewald, which consisted mostly of minor, often insignificant, drawings, picked up purely for fun or pleasure in the course of a lifetime, the proportion rose to 100 percent sold. All this should give food for thought.

Some urgent soul-searching about estimates, reserves and the rules that should keep competition. between the Big Two within limits. worse had it come first. Here, too, million (given on request). Offered is required. Otherwise, a replay o there were cases of overestimation, around New York in previous the 1990 crisis might be witnessed. is required. Otherwise, a replay of

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COLLECTOR'S GUIDE

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Brancusi's "Bird," an abstract mar-

ble carving, at \$6 million, that car-

ried an estimate of \$7 million to \$9

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CERTAIN TRUMPETS: The Call of Leaders.

By Garry Wills. Illustrated, 336

pages. \$23. Simon & Schuster. Reviewed by Michiko Kakutani

A FTER the brillians and original scholarship of Garry Wills's last book "Lincoln at Gettysburg" (1992), his latest offering comes as something of an unhappy

In "Certaio Trumpets: The Call of Leaders," Wills has taken a hackneyed and overly generic subject — leadership, and what makes a good leader — and given it a highly perfunctory treatment.

The result is a volume that feels less like a real book than a treatment for an inspirational television series aimed at high school stu-

And just whom does Wills consider a leader? To begin with, he rejects the famous definition of-fered by James MacGregor Burns, who wrote, "Leadership over other human beings is exercised when persons with certain motives and purposes mobilize, in competition or cooffict with others, institutional, political, psychological and other resources so as to arouse, engage and satisfy the monves of follow-

Whereas Burns's definition covers many sorts of influence on others many sorts of manual and deserts. Wills believes a "leader does ers, Wills believes a "leader does ers," "He not just vaguely affect others." or she takes others toward the object of their joint quest," he writes.
"That object defines the kind of leadership at issue. Different types of leaders should be distinguished more by their goals than by the personality of the leader (the most

common practice)." Leadership of one sort, he adds. does not necessarily translate into

other areas: "Gen. Grant proved that a great military commander is not necessarily, by reason of his martial success, a good political leader in an electoral democracy as Lyndon Johnson proved that a superh Senate leader can make a Having laid out these observa-

tions in a brief introduction. Wills proceeds to offer the reader l6 categories of leadership (electoral, radical, reform, diplomatic, military, charismatic, business, traditional, constitutional, intellectual. church, sports, artistic, rhetorical, opportunistic and saintly), along with 16 examples of each type and 16 "antitypes" (that is, individuals who exemplify "the same charac-

teristics by contrast"). Franklin Roosevelt, for example, is his choice as electoral leader, while Adlai Stevenson is his choice as electoral antitype. Ross Perot is his choice as business leader, while Roger Smith, the former chief execntive officer of General Motors, is

his choice as business antitype. In the first place, this fussy methodology results in some highly arbitrary choices. Why is Socrates, for instance, held up as a paradigm of the intellectual leader instead of, say, Voltaire or Martin Luther? Why is King David designated as Wills's exemplar of charismatic

leadership, instead of, say, Mao or Hitler? To make matters worse, this methodology also makes for short, disjointed chapters that quickly devolve ioto little more than cameo

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portraits, portraits that are too cursory to give the reader a real sense of the subject's achievements. In these pages, there are a few broad generalizations about the re-

BOOKS

lationship between leaders and their followers, and some predictable observations about charm, vision and the willingness to compro-

Many of Wills's chapters simply point out the obvious: that the "singleness of purpose" possessed by radical leaders can release them

general immobility induced by balanced leaders;" that "keeping as many channels open as possible is the diplomatic imperative;" that "an artist can be successful, impor-

Given Wills's generous gifts as a writer, his portraits of individual leaders are consistently entertaining even if they are superficial and beavily based on secondary

Michiko Kakutani is on the staff

"from responsibility to many competing interests" and from "the of The New York Times.

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Friday, May 20, 1994

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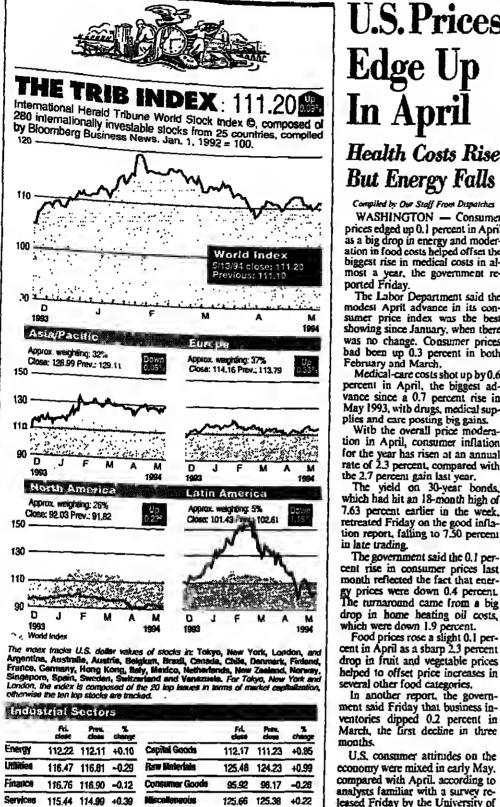
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Edge Up In Ăpril

Health Costs Rise **But Energy Falls**

Compiled by Our Staff From Dispatches WASHINGTON - Consumer prices edged up 0.1 percent in April as a big drop in energy and moder-ation in food costs helped offset the biggest rise in medical costs in almost a year, the government reported Friday.

The Labor Department said the modest April advance in its consumer price index was the best showing since January, when there was no change. Consumer prices bad been up 0.3 percent in both

February and March. Medical-care costs shot up by 0.6 percent in April, the biggest advance since a 0.7 percent rise in May 1993, with drugs, medical supplies and care posting big gains. With the overall price moderation in April, consumer inflation

for the year has risen at an annual rate of 2.3 percent, compared with the 2.7 percent gain last year. The yield on 30-year bonds. which had hit an 18-month high of 7.63 percent earlier in the week,

retreated Friday on the good infla-tion report, falling to 7.50 percent in late trading.

The government said the 0.1 percent rise in consumer prices last month reflected the fact that ener-

gy prices were down 0.4 percent. The turnaround came from a big drop in home heating oil costs, which were down 1.9 percent. Food prices rose a slight 0.1 per-cent in April as a sbarp 2.3 percent

drop in fruit and vegetable prices helped to offset price increases in several other food categories. In another report, the government said Friday that business in-

March, the first decline in three U.S. consumer attitudes on the economy were mixed in early May. compared with April, according to analysts familiar with a survey released Friday by the University of

The survey's consumer sentiment index fell to 91.5 in early May from 92.6 in April. (AP, Knight-Ridder)

A New (Middle) Age Spin European Firms Woo Aging Boomers

By Patrick Oster Washington Post Serie

BRUSSELS - Wednesday used to be the slowest day of the week for B & Q. Britain's leading doit-yourself retailer. But B & Q has started offering 10 percent discounts on Wednesdays to customers who are at least 60 years old, and now it is one of the chain's busiest days.

Across Western Europe, a small vanguard of market-savvy companies is preparing for the aging of its customers. In the next 25 years, the number of Europeans 50 or older will mushroom from 120 million to 165 million as Europe's postwar baby boom generation ages.

"We're not talking a niche," said Danielle Barr, director of Third Age Marketing, a London company that advises marketing to consumers over 50. They'll be the mainstream.

With money in their pockets, leisure time on their hands, declining physical abilities and long life expectancies, members of this generation will dominate market tastes as they come to constitute half the adult population. Companies hoping to lure them will be forced to advertise, design and package goods and services differently.

U.S. companies have been responding to the graying market for years. But until recently. Europe-an companies have done little. Marketing opportunities for the over-50 group in Europe were not as clear because of the lack of a unified market unul the 12-nation European Union created one last year.

Even now. European companies are scrambling to catch up with European subsidiaries of U.S. parents, which are aggressively applying American practices. Many still are learning to market products

on a pan-European level to any age group.

European companies "need a good sbaking."
said Frankie Cadwell of Cadwell Davis & Partners. New York consultants who cut their teeth on aging U.S. baby boomers and are now doing the same in Europe, backed by the London advertising giant Saatchi & Saatchi Co. "But once a few people do it successfully and make a lot of money, others will

At B&Q. the Wednesday discount offer has been so successful that the company now wants 15 percent of its 15,000-employee workforce to be 50 or older. B & Q's ads, which once stressed youth, now feature older workers.

But Mr. Cadwell said that age labels must be

resisted. "Think artifudes, not age," he said.

The French vacation company Club Mediterrance SA reserved its resort in Marrakesh, Morocco, for 156 tourists over the age of 50 last fall. "It's hardly the 'sun, sea, sex and sand' image people associate Club Med with," said Stefan

'We're not talking a niche. They'll be the mainstream.' Danielle Barr, director of Third Age Marketing.

Geissler, 59, who recently retired as the company's

deputy director of development. Manufacturers are planning bow to deal with the failing evesight, bearing and reflexes of older customers. Stefano Marzano, chief designer for Philips Electronics NV of the Netherlands, said his company was making such concerns a bigger part of its product design.

"Improvements will benefit all customers," he said, "but disproportionately they should belp old-

Glare-free color liquid-crystal displays, for instance, will make it easier for everyone to read

computer screens. But older consumers, more affected by glare, will benefit most.

Companies with youth-oriented brands face marketing obstacles.

Levi Strauss & Co.'s European strategy has been to pitch its form-litting jeans to the under-19 set. Any attempt to broaden the brand's age appeal would undermine its current strength, said Peter Jacobi, president of the international division, Instead. Levi Strauss recently introduced its loosecui Dockers line in Europe.

France Vows To Stop British Flights to Orly

Compiled by Our Staff From Dispatches PARtS - France is determined to prevent British airlines from carrying out plans to fly into Orly airport next week, Transport Ministry sources said Friday.

British Airways, Air UK and TAT airlines said they would ig-note France's refusal to allow them to use the international airport south of Paris and would begin service between London and Orly on Monday, as permitted by a Eu-ropean Commission ruling.

But the French sources said that without an accepted flight plan, no pilot could take off without violating international regulations and endangering his passengers' lives A spokesman for the Transport Ministry would say only that "all possible cases have been contem

plated and studied." A ministry spokeswoman, Severine Lebre, said on Friday that French officials were talking to British officials to try to prevent

She said France was seeking to delay the flights for a few weeks because of congestion at the airport and wanted reciprocal access for French airlines to London's Heath-

row airport. The principle of open skies is not in question," she said. "France is opening its skies to competition. It just asks for a few more weeks, perhaps till mid-June."

The British airlines, backed by their government, are insisting that

they are entitled to start flights to Orly next week in accordance with a European Union order that France open three domestic routes to competition: Orly-London, Orly-Toulouse and Orly-Marseille British Airways said it would start its London-Orly service on Monday. The British government is

backing the airlines. in London, a Civil Aviation Au thority spokesman noted that the easiest way for France to prevent BA and other airlines from serving Orly was to reject flight plans. which pilots must submit an hour before takeoff.

But a BA spokesman maintained that "there will be no problem" nor any reason for flight plans to be rejected. The first scheduled flight to Orly is due to leave Heathrow at 6:50 A.M. Monday. French Transport Ministry

sources said Friday that the French government did not question "the principle of opening the Orly-Lon-don route to British companies as soon as possible."

But they said it was normal for the government to reject a "fait accomph" by the airlines. Foreign competition through

Orly is also seen as a threat to Air France, the French national carrier, and its domestic subsidiary, Air

The routes through Orly are coveted by foreign companies because domestic French flights leave from

GATT Chief to China: Year-End Entry Not Likely

Agence France-Presse

BELIING — Peter Sutherland, director-general of GATT, all but ruled out on Friday the possibility Beijing's timetable "extremely de-

included at the inception of the tion after the Communist party World Trade Organization, which came to power in 1949. Beijing has is scheduled to replace the General made it clear that it attaches great

Agreement on Tariffs and Trade on Jan. 1, 1995.

"It is still going to be extremely difficult, with the best will in the world, to achieve that time frame," of China rejoining the world trade
Mr. Sutherland said at a joint press
body by the end of the year, calling
conference with China's Vice Foreign Trade Minister Gu Yongjiang. China, a founding member of

China has stated its aim to be GATT, left the postwar organiza-

political significance to readmis-

sion before the new year. Mr. Sutherland said he had seen signs of "gemine will and flexibilifrom the Chinese during his visit, but added that doubts remained over the transparency of China's foreign-trade regime, especially its policies governing import quotas, licenses and standards.

"I do not wish to minimize the amount of additional discussion that has to be undertaken," he said.

Mr. Sutherland's remarks con- nation, Mr. Gu said, "it should untrasted with Mr. Gu's assertion that China bad already made large efforts to comply with GATT requests for import tariff and other reductions, as well as for increased

Mr. Gu, the chief Chinese negotiator at GATT, also accused some countries of creating "political ob-stacles" to China's re-entry and of

making "excessive" demands.

As China is not yet a developed

dertake obligations commensurate with the status of a developing coun-

China Mulls Export Limits China has indicated its readiness

to consider possible voluntary export restraints to curb the explosive growth in its textile exports to Japan, government sources were quoted as saying Friday in an Agence France-Presse dispatch from Tokyo.

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ECONOMIC SCENE

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Dollar Off, Growth Up — Go Figure Weak Isn't Always Bad Inflation Is Unlikely

By John M. Berry WASHINGTON - When the value of a nation's currency is falling on foreign exchange markets, there is a tendency, almost regardless of circumstances, to view the decline as that country's fault. If something were not wrong - political problems, poor economic policies, high inflation - then the nation's currency would not be

weakening, would it? Much of the discussion about the dollar's recent weakness against the Deutsche mark and yen has been along those lines, with the U.S. administration's tough talk about Japanese trade barriers, President Bill Clinton's troubles over Whitewater and the pace at which the Federal Reserve Board has raised short-term interest rates in the face of strong economic growth all being cited.

But sometimes the shoe is really on the other foot. A rising currency can signal that something is wrong rather than right.
For example, former President Ronald Reagan once proudly pointed to a skyrocketing dollar as a sign of U.S. strength, though in reality it was more a signal of huge federal budget deficis that were pushing up interest rates

and sucking up foreign capital. This led to much larger U.S. trade deficits as American exports were

The dollar's current weakness may be more a sign of problems in Japan than of problems in the United States. It has followed a significantly different course against the yen than against the mark. The dollar has gone up and down against the mark in recent years. Against the yen it has fall-en more or less steadily. Why the difference? Part of the

entials among countries.

Several years ago, Japanese investors were eager to put money See SCENE, Page 11

priced out of foreign markets. vages is in the works.

answer is inflation. Japan has had consistently lower inflation rates than either Germany or the Unit-ed States. All other things being equal, currency values normally change to reflect inflation differ-

Another large part of the answer, which is particularly relevant to this year's fluctuations, is the flow of foreign capital into and out of each country. To summarize: The evidence suggests that because of the weakness of their domestic economy, Japanese companies are selling dollardenominated assets, pushing up the value of the yen.

By Peter Passell New York Times Service

NEW YORK -- The economy is perking right along, but growth is still modest by the benchmark of other recoveries. A handful of commodity prices are inching up, but there is no evidence that selfsustaining inflation driven by

The president is a Democrat, but on the critical issues of taxation, spending and regulation be is acting more like a deficit-fear-

Why, then, have the bond markets reacted so perversely to what the Federal Reserve Board labeled a long range pre-emptive strike against inflation? Why have the big central banks had to repeatedly intervene to stabilize the dollar against the mark and yen, just when the interest-rate advantage to holding assets in

dollars is rising?

Some would point to President
Bill Clinton's flat-footed policies toward Japan and China, which have unsettled major trade relationships. Some fear that the Democrats will revert to freespending form, once they come to their liberal senses.

But a more plausible explanation for the markets' jumpiness is

offered by James Tobin, the Nobel laureate in economics who advised President John F. Kennedy. "The markets are fighting the last war," he contended, behaving as if the inflation of 1979 is just around the corner.

In the view of some very respectable economists, Washington has already gone too far. The Fed's initial moves to raise shortterm interest rates in February. Mr. Tobin insisted, were at best premature and, arguably, based on spurious evidence of inflation

in the making. Commodity prices always edge up during economic recoveries. he pointed out, just as they go down during recessions. What would have been worrying (and is nowhere in sight) was a sign that wages were rising in response to the increased demand for labor. creating the conditions for cost-

push inflation. While it is true that the tighter the labor market, the greater the risk of bottlenecks that would generate cost pressures, Mr. Tobin insisted that "Alan Greenspan doesn't know where this 'natural rate' of unemployment is, any more than I do."

Richard Cooper, an economist See INFLATE, Page 11

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EUROPEAN FUTURES

Metals

MARKET DIARY

Blue Chips Gain **In Mixed Market**

stocks ended the day with a modest rally linked to rising bonds. The

The Dow Jones industrial average rose 6.84, to close at 3,659.68, but

U.S. Stocks

declining New York Stock Exchange issues edged out advances. For the week, the Dow industrials fell 9.82 points.

Over-the-counter stocks were weak, and the Nasdaq composite average closed at 716.92, down 2.69. While Philip Morris supported the blue chips, a slow-growth outlook for Cisco Systems hurt other computer-octworking companies

and pressured the technology sector.
Trading was sluggish amid lingering speculation that the Federal Reserve Board would raise interest rates next week, when its policymaking panel meets, traders said, despite

some positive inflation news.

"That's the real reason you've seen volume dry up." said William Lord, vice president in equity trading at UBS Securities Inc. About 253 million shares changed hands on the New York Stock Exchange. lagging the 332.21 million on

Thursday.
The Labor Department said Fri-

day that consumer prices rose a mere 0.1 percent, good news for inflation-sensitive bond prices. The benchmark U.S. Treasury bond was up 23/32. to 85 11/32.

Compiled by Our Stuff From Dispatches with the yield sliding to 7.49 per-NEW YORK — Blue-chip cent from its Thursday close of 7.56 percent.

Citicorp was the most-active New York Stock Exchange issue and ended the day at 36% up %. Its chairman sold 25 percent of his

holdiogs in the bank. EMC Corp. followed, falling 14 to 15%. The company was one of the computer actworking concerns that fell with Cisco, which fell 5% to 23%. Cisco told analysts its order backlog has declined and that reveone from one quarter to the oext may grow at about 8 percent rather than the historic 12 percent to 15

Philip Morris was No. 3 on the New York Stock Exchange, gaining 1% in close at 52%. Speculation is rife that the tobacco and food comrife that the tobacco and food company may agree at a May 25 board meeting to separate its businesses, which could boost the company's value to about \$70 a chare, analysts said. "I'm rooting for a split-up of the company," said Rebecca Barfield, an analyst at CS First Boston Corp.

Microsoft's stock was added to the Standard & Poor's 500 Index Friday, meaning that investment funds which pick stocks based on the makeup of the iodex will buy he shares. The stock touched an all-time high of 98%, before falling

back to close at 961/2, up 2. Time Warner gained 140 to 383/4 on a published report that it would be a takeover target of QVC.

(Bloomberg, Knight-Ridder)

Trade Talks Progress Gives Dollar a Boost

Compiled by Our Staff From Dispatches NEW YORK - The dollar rose to a one-month high against the yen on Friday in New York amid signs that trade talks between the United States and Japan could re-

A modest rally in the bond mar-

Foreign Exchange ket and speculation that the Federal Reserve Board will raise U.S. interest-rates next week helped the dollar gain against the Deutsche

mark and other currencies.

The dollar ended at 105.035 yen. up from 194,225 at the close on Thursday; at 1.6705 Deutsche marks, up from 1.6683; at 1.4261 Swiss francs, up from 1.4243, and at 5.7290 French francs, up from

The British pound ended at \$1,4990, down from \$1,4998. Trade Representative Mickey Kantor's office said Friday that

formal trade talks, which broke off in February.

Many traders bought dollars after the Kantor statement, speculating that the U.S. administration had stopped calling for a strong ven to curb Japanese exports and preferred to negotiate an end to apanese trade barriers. 'Kantor's announcement gave

Clinton administration's plans for trade with Japan," said Jack Stapleton, senior corporate foreign-exchange dealer at Standard Char-"Optimism about trade helped the dollar rise against the yen to-

the market a clearer idea of the

day." said Lisa Finstrom, currency analyst at Smith Barney Shearson. But she said the dollar would not sustain gains against the yen unless the Japanese economy rebounds. "If you have a weak economy, it

barriers you lower. The Japanese need to buy things from us before

The Dow Daily closings of the Dow Jones industrial average 3300 3700 NDJ 1994 **NYSE Most Actives**

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Citicorp Chief Pares His Stake

NEW YORK (Bloomberg) — John S. Reed, the Citicorp chairman had month sold 25.5 percent of his Citicorp stock, worth about \$4 million in part to pay off bank debt he assumed in 1988 to buy a block of the May York banking company's shares, a bank spokesman said Friday.

Mr. Reed sold 108,100 shares for between \$36.50 and \$37.13 a share of the second of

Mr. Reed sold 108,100 shares for between 350.30 and 351.13 a share of April 25, according to Securities and Exchange Commission Filing Benow holds 316,412 common shares in the largest U.S. banking common He sold the shares to repay bank loans he took out to have the filing Citicorp shares in October 1988 for about \$2.5 million: He purchased the shares at about \$25 each.

SEC Chief to Target Broker Practices

WASHINGTON (AP) — The Securities and Exchange Commission is

WASHINGTON (AP) — The Securities and exchange Commission preparing to launch a major new campaign aimed at improving the vary securities brokers deal with their customers.

The SEC chairman, Arthur Levitt Jr., is scheduled to deliver a paint address on the topic next week at the annual conference of the National Association of Securities Dealers, according to a commission woman, Jennifer Kimball. The initiatives follow the Prudential Securities Inc. scandal and other cases in which brokers deliberately sold customers are circle investments. unsuitable or risky investments.

unsuitable or risky investments.

Mr. Levitt's speech will contain three major initiatives. One seek of "raise the standard of practice in broker sales," Ms. Kimball and including a "comprehensive look at the way they interact with commers." The second initiative examines broker training and the exam to which they know and understand the investment advice they are giving to customers. The third point will address broker compensation, she said-

Turner Reports Loss of \$14 Million

ATLANTA (AP) — Turner Broadcasting System Inc. reported Fully a \$14 million loss for the first quarter, saying the costs of televising the Winter Olympics and absorbing two movie studios burn its bottom. The loss compared with a deficit of \$286 million in the same period less year. The 1993 results included a one-time \$306 million charge related to

year. The 1993 results included a one-time 3.500 million charge related in an accounting change that erased what otherwise would have been a 3.22 million profit. Revenue for the January-March 1994 quarter totaled 550 million, compared with \$398 million a year earlier.

Turner's TNT cable television network televised a portion of the

Winter Olympics in Lillehammer. Norway, in a partnership with CR. That cost Turner about \$32 million. Turner completed its acquisition of the film studios New Line Cinema and Castle Rock Entertainment and bought the part of Hanna-Barbera that it did not already own. Those deals added \$127 million in expenses.

Latin American Nations in Accord

MEXICO CTTY (Reuters) - Mexico, Colombia and Venezuela have reached a final accord on a free-trade agreement, the Mexico's Common

The accord struck in Bogotá crentes a free-trado bloc in the America, following on the North American Free Trade Agreement and two other deals linking Mexico to Chile and to Costa Rica.

deals linking Mexico to Chile and to Costa Kica.

The accord goes into effect on Jan. 1, 1995, pending legislative approvals in the three countries. It would gradually lower training and other trade barriers among the three nations. Like NAFTA it are standards for commerce and establishes a dispute-resolution mechanism.

Warren Buffett's Firm Triples Profit

NEW YORK (AP) — Berkshire Hathaway Inc., the investment conglomerate run by the multibillionaire Warren Buffett, said Friday its first-quarter earnings more than tripled, largely because of investment gains and the effects of a 1993 accounting change.

The company had earnings of \$132.89 million, or \$112.83 a share, compared with \$29.75 million, or \$25.81 a share, in the 1993 first quarter.

Berkshire does not report quarterly revenue figures in earnings releases.

Japan and U.S. Will Resume Talks

TOKYO (AFP) — Foreign Minister Koji Kakizawa of Japan agreed Friday with Mickey Kantor, the U.S. trade representative to resume stalled trade talks between their two countries, officials said.

The agreement was reached when the two ministers talked by the phone, the Japanese officials said, News reports in Tokyo said that Japaned the United States were expected to hold subcabinet-level talks near week in Washington to discuss trade.

Sozaburo Okamatsu, vice minister for international affairs at the Ministry of International Trade and Industry, and Sadayuki Hayasii, deputy foreign minister for economic affairs, are expected to represent Japan at the meeting, the reports said.

The talks, mainly designed to cut Japan's chronic huge trade suplus

with the United States, have been suspended since February, with Moribiro Hosokawa, then the prime minister, told President Bill Cinton that Japan could not accept U.S. demands to set numerical targets in

French Employment Up

PARIS - France, dogged by record unemployment despite slow economic recovery, announced Friday that the number of nonfarm payroll jobs rose 0.1 percent in the first three months of 1994 to show the first quarterly rise since 1990.

The Labor Ministry said payrolls were up that much over the previous quarter. This was a sign that the rise in unemploy-

ment, now at a record 12.2 percent, is slowing. The state sector was not included.

MASDAQ Diary

The 0.1 percent rise came mainly from an increase of 0.6 percent in the service sector. while jobs in construction and industry continued to fall. Nonfarm payrolls were down 0.8 percent by the end of March 1994, compared with the similar

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Now, prices are rising amid concern that Brazil's crop, the world's largest, will be smaller than expected. Brazil exported 77.3 million pounds (35.2 million kilograms) in

Coffee Hits 5-Year High

NEW YORK - Coffee soared to the highest price since it has traded freely on the world market. amid increasing concerns about available supply from Brazil.

Bloomberg Business News

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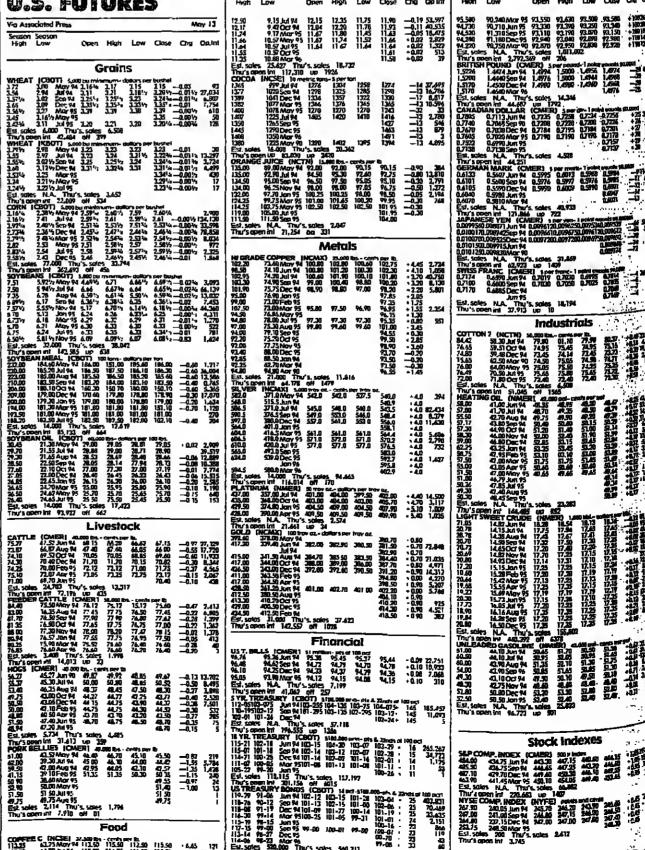
On other commodity markets, copper rose as stockpiles fell.

Coffee for July delivery rose 6.25 cents to \$1.157 a pound on the Coffee, Sugar & Cocoa Exchange.

April, down 48 percent from March.

Coffee Organization abandoned its quota system in July 1989.

Copper prices rose above \$1 a pound for the first time since Janufell to their lowest in a year.



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AMSTERDAM - Unilever Group's first-quarter operating profit slipped 5 percent, to £281 million (\$422 million), sending its shares tumbling on the London and Amsterdam stock markets.

The British-Dutch consumer products conglomerate reported a first-quarter net profit of £294 milhon, which was unchanged from the same period last year.

Those earnings were inflated, however, by a £13 million gain from asset sales, most of which accrued from the sale of its 55 percent stake in the Swedish brewer Falcon

Alitalia Sets Union Talks

MILAN - The unprofitable state carrier Alitalia Airlines said its unions would begin negotiations next week on plans for major layoffs and cost cuts to save the company. officials said Friday.

The managing director, Roberto Schisano, has been quoted in the press as warning that the troubled airline can survive for only 500 more days without the rescue plan. It calls for a 20-percent reduction in the labor force over three years.

Company executives said formal talks on the plan would begin on Tuesday, Alitalia's losses soared to 343 billion lire (\$215 million) last year.

On the Amsterdam stock exchange, Unilever shares were down 5.5 guilders (\$2.94) to 195.5 guilders. In London, Unilever shares

fell 52 pence to £10.23. "The debate about Unilever being one of the stocks that produces a steady 10 percent annual growth is now over," said Rob van Boeijen, an analyst at Amstgeld. "That image of continuous growth will be gone for a couple of years."

Unilever has two parent compa-nies: Unilever NV of the Netherlands and Unilever PLC in Britain. The corporate enuties release

figures simultaneously in each country, adjusted to meet local financial regulations and using each nadon's currency.

Expressed in pounds, pretax net profit rose to £449 million from £440 million while sales were up 4 percent, to £6.70 billion.

In the first quarter, per-share earnings declined to 15.74 pence from 15.80 pence a year earlier. The Dutch company said that on a constant rate of exchange basis,

net profit increased only 2 percent. to \$15 million guilders. The dollar sold for 1.84 guilders,

on average, during the first quarter of 1993 and 1.93 guilders during the first three months of this year. Analysts surveyed this week had estimated that the company would disclose earnings between 806 mil-

lion and 845 million guilders. In Europe, operating profit went up 7 percent, to £303 million. The chairman, Morris Tabaksblat, said that trading conditions remained difficult and sales increased only modestly, to £3.64 billion from £3.62 billion.

Unfulfilled Promise in Bulgaria Political Chaos Brings Economic Reform to a Standstill

By John Pomfret Washington Post Service

SOFIA - Almost five years after the collapse of communism catapulted this Soviet salellite nation onto an independent course. Bulgaria finds itself caught in a spiral of crisis and decline, the early promises of democracy and a free-market economy unfulfilled.

Economic reform has ground to a halt. Since the government launched its privatizaunn program three years ago, only one medium-sized company has been sold, a sugar-processing plant in the Black Sea port of Burgas. The political arena is flirting with chaos. The fractious Parliament has not passed a piece of important legislation in

more than a year. "At least we're not Yugoslavs," said Lina Ivanova, the owner of a debt-ridden health club, quoting a popular saying bere referring to the war in Bosnia-Herzegovina.

Last month, the country's president. Zhelyu Zhelev, demanded the government resign, accusing it of failing to push economic re-forms. Mr. Zhelev is the bead of state. In an interview, Mr. Zhelev spoke of the need for "a firm hand" that was "bordering

on dictatorship in the economic area." "This is the only alternative," said the 59ar-old philosopher, who was expelled from the Communist Party in the 1980s for urging

LONDON - General Electric

Co. of Britain has purchased Ferranti International PLC's British

defense-systems business, paving

the way for the sale of Ferranti's

other business, Ferranti's receiver

No price was disclosed, but pub-

lished estimates put it at about £50 million (\$75 million).

Ferranti has been in receivership

since GEC withdrew a penny-per-

share offer to buy the entire com-

pany on Dec. 1. Arthur Andersen,

announced Friday.

reform, "We've learned the hard way." The troubles of this nation of 9 million people provide a lesson to other countries in the former Soviet bloc that are moving toward a market economy.

In many ways, Bulgaria's hard times can be blamed on the failure or unwillingness of its two post-Communist governments to maintain an effective coalition that supports reform and is capable of defeating opposition from former Communist bosses and the once-powerful security apparatus.

On a broader level, the impasse in Bulgaria highlights a debate occurring throughout Eastern Europe, even in its more successful capitals. One side backs stability and conciliation with former Communists; the other believes the collapse of communism and the Soviet bloc was not the end, but the beginning, of a revolution. The aborting of that revolution, the latter group argues, is a main source of Bulgaria's problems.

By far the biggest beneficiaries of Bulgaria's failure to push economic reform have been the people threatened by the changes: former Communists and members of the security services. A triangle of interests - entrepreneurs with Communist pasts, managers of state-run factories and bureaucrats in still-powerful

GEC Buys Ferranti's Defense Businesses

completed a large part of the jig-saw," said John Talbot, an Arthur nology from falling under the con-

Compiled by Our Stuff From Dispatches Ferranti's receiver, said the sale nesses will be employed by Marconi.

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fense businesses — Ferranti De-fense Systems Integration and Fer-

ranti Simulation & Training — into its GEC-Marconi Ltd. The 1,100

lite communications business.

ministries - has emerged to block change. Exploiting business and political connec-

tions that in some cases stretch around the world, many of these people have become fabulously rich running private trading companies that buy from and sell to Bulgaria's state-run factories, creating a bizarre eco-nomic subsystem in which production is state-run but profits are private.

One company, Multigroup, for example, has a commodities trading firm in Switzerland, a casino in Paraguay and a Virginia-based company believed to be involved in trading coal and investing in the United States.

Another company, Rosim, exports an average of 24 million bottles of Bulgarian wine a year to Britain and is that country's top supplier of red wine.

Essentially, private trading companies control everything sold to the factories and mar-ket their production too. Such enterprises can be lucrauve through kickbacks or manipulation of antiquated accounting methods. The private trading companies can make windfall profits selling raw materials at market prices, buying finished goods at low prices and then selling them at a profit.

As the state-run enterprises slip deeply into debt, the private trading companies reap huge profits. Because Bulgaria's political system is too weak to tolerate factory closures and high unemployment, the state readily provides the factories with loans to stay in business.

Investor's Europe London FTSE 100 Index **CAC 40** 2308-3300 --2400-Friday Exchange " Close -0.24 411.58 412.57 ÁEX 7,821.41 Stock Index 2,258:75 2,243.63 40.67 851.51 848.70 1,866.84, 1,839.58. +1.48 Financial Times 30 2,471,30 2,494,20 London : ...0.92 London FTSE 100 3,119.20 3,137.80 . 0.59 Madrid General Index 328.48 322.32 ****.31 1,296,007 +0,69 1,305.00 . 2,176,74 +0.47 Affaersvaenden 1,938,45 1,986,25 452.78 +0.34 936.37.

Very briefly:

Pernod Ricard SA of France and Beijing Winery agreed to form a joint venture, Beijing Pernod Ricard Wines Spirits, with expected 1994 sales of about 80 million francs (\$14 million).

L'Orèal SA, France's largest cosmetics company, said consolidated sales rose 5 percent in the first quarter, to 10.69 billion French francs from 10.16 billion francs a year earlier.

The Central Bank of Ireland is cutting the rate on its short-term lending facility to 6.25 percent from 6.50 percent and its overnight deposit rate to 3 percent from 3.25 percent.

The Spanish central bank cut its main lending rate a quarter point, to 7.50 percent. · Western German wholesale prices rose 0.2 percent in April from the

previous month, and 0.5 percent from a year earlier.

• ISS-International Service Systems A/S, a Danish industrial cleaning company, has postponed plans to seek a listing on the New York Stock Exchange because of unfavorable U.S. market conditions.

• Telegraph PLC, the British newspaper and magazine publisher, said first-quarter pretax profit rose more than 25 percent from a year earlier as advertising sales increased 18 percent.

AFX, AP, Bloomberg, Reuters

or overkill, it remains a puzzle why

the bond and currency markets have been behaving as if double-

digit inflation is just around the

Northwestern University, said the

problem is largely one of presenta-tion rather than policy. "Short-

term rates always go up in this

to get the maximum anti-inflatior

bang from the minimum tightening

of credit from its new show of

openness. But the psychological

spin apparently was reversed, with

the markets assuming that the

Fed's break with precedent was evi-

were concealing the really bac

Still to be seen is how the tem-

pest over bond rates and the dollar will play out in economic growth

and employment.
It will not change the govern

ment's behavior, Mr. Gordon argued, since the Fed has already

Robert Gordon, an economist at 74

Investors Warm to Metallgesellschaft Changes

FRANKFURT - Metallgesellschaft AG's stock jumped 17 percent Friday on optimism over the company's restructuring plan and a bank's recommendation of the shares.

The German metals and mining conglomerate reportedly plans to cut 7,500 jobs in an attempt to save 4 billion Deutsche marks (\$2 billion), with most of the benefit coming this year.

The company's staff magazine, MG Information, said savings in personnel costs would be about 550 million DM. Among other savings

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

YIN PE 100s High LowLatest Ch'90

expected are purchasing-cost reductions of 500 million DM, I billion of asset disposals and general cost reductions of 500 million DM. The company also plans to save 600 million DM by reducing supplies, 600 million DM via debt reduction, 160 million DM by reducing investments and 100 million in real estate sales.

In Frankfurt trading, Metallgesellschaft's stock rose 42 DM to 243 DM per share.

"There's a lot of interest in seeing the share higher ahead of a likely capital increase," a

London dealer said. "In addition, we had talk of a recommendation from UBS."

Andersen partner.

An analyst at Union Bank of Switzerland in London confirmed the bank had recommended MG, which was rescued from oear collapse earlier this year by its creditor banks. He refused to cite specific details.

Metallgesellschaft was driven to the brink of bankruptcy late last year when its U.S. subsidiary Metallgesellschaft Corp. was forced to abandon oil positions in the futures market at a cost of 2.3 billion DM. (AFX, Reuters)

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SCENE: The Falling Dollar

abroad and they did, buying U.S. Treasury securities and other bonds, stocks and real estate, Japanese concerns also spent billions buying American companies and building new factories in the Unit-

Continued from Page 9

Separately, the British Ministry

of Defense is backing GEC to buy

Ferranti's 50 percent stake in a so-

nar joint venture with Thomson-

CSF of France. The ministry wants

trol of a foreign company. That

Arthur Andersen said it proba-

bly would not negotiate the sale of

Ferranti's component-manufactur-ing plant until all the other busi-

business is not in receivership.

That outflow of capital - which required the Japanese to sell yen to get the dollars to invest in the Unit-ed States — helped hold down the ven's value despite Japan's persisent trade surpluses.

But the Japanese economy began to run into trouble when the Bank of Japan raised interest rates to prick a bubble economy in which Japanese stock and real estate values soared. As the bubble burst, much of that voluntary capital outflow dried up. At that point, the value of the yen began to appreci-

Stephen Axilrod, deputy chairman of Nikko Securities Interna-tional in New York, said the yen-dollar relacionship "depends to a great extent on whether the inves-tors in Japan continue to invest abroad." He added, "About a year

foreign investors were buying, net, \$11.7 billion worth of Japanese stocks, for a total portfolio capital flow into Japan that mooth of \$24.4 billion.

military aircraft and other defense

Ferranu Defense Systems Inte-

Ferranti Group started sliding

gration is based at Bracknell, New-

into bankruptcy four years ago

with the discovery of a large-scale

fraud involving fake contracts at its

U.S. subsidiary, International Sig-

(Bloomberg, AF?)

nal & Control, bought in 1987.

port, Pagnell and Portsmouth.

That came on the heels of a \$17,9 billion inflow in February and \$10.7 billion in January, each of which was at the time the highest level of capital inflow ever record-

Mr. Weinberg said there is anecdotal evidence that a large part of the foreign money flowing into Japanese stocks is actually coming from foreign subsidiaries of Japa-

"Japan's investors are withdrawing funds from foreign markets at a record pace to cover liquidity needs at home." Mr. Weinberg conclud-

In the first three months of this year, Japan had a \$34.5 billion sur-plus in its current account, which ncludes trade, tourism and some other international transactions. That meant that the Japanese were accumulating that much more in foreign currencies than they were paying out. That tended to make the yen relatively scarce and put upward pressure on its value.

At the same time, Japanese investors were bringing home their money, which meant they were selling their investments in dollars and other currencies in exchange for yen. And those transactions also oushed the ven upward.

"If you have a buge surplus and ors in Japan were net sellers of your investors are not going to region bonds by \$13.1 billion," cycle it then your currency is going Weinberg said. Meanwhile, 10 go up," Mr. Axilrod said.

INFLATE: Growth Still Modest the Fed's initiative was good policy

corner.

Continued from Page 9

at Harvard who advised President Jimmy Carter, shared Mr. Tobin's skepticism about the Fed's stance. The pervasive sense that foreign manufacturers are ready and eager to take a chunk of America's markets, he ooted, makes employers more resistant to wage demands and workers less militant than in past recoveries.

ast recoveries.

Just bow much the slack product
said. "What's new is that the Fed is markets in Europe and Japan and talking about it." the fierce compo wage Mexicans, Brazilians and Chinese have reduced labor's moxie is a matter of conjecture.

The opinion that the Fed has overshot is also reportedly held by some members of the administration. But their voices have been muted, perhaps because there is lit- dence that the financial gnomes tle expectation that tight credit will actually choke off growth.

Mr. Cooper of Harvard won-dered, though, whether the san-guine assumption that all the Fed has really done is to stretch out the recovery is correct. Some forecasts, he pointed out, suggest that a "growth recession" — a period of positive growth but at a rate insufficient to absorb new entrants into the labor force - will set in before the 1996 election.

To be sure, the majority view among economists is still that both the timing and the size of the Fed's increases in interest rates were pru-

The main point is that the economy isn't very far from full employ-ment," said Benjamin Friedman of

gone about as far as it will go on interest rates and the White House is bound to a passive fiscal policy by the deficit reduction law. Mr. Tobin is not-so-quietly wor-

ried, though, that what he sees as the Fed's bumbling foray against a remote threat of inflation will do great damage to businesses that need cheap capital to grow.

The markets just aren't sophis

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They have fled with a vengeance

nomics, a New York consulting

"It seems that during March in-

or so ago, the Japanese institutionstopped investing abroad and at this year, according to Carl B. Weinberg of High Frequency Eco-

vestors in Japan were net sellers of foreign bonds by \$13.1 billion."

al investors lost their nerve and

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ASIA/PACIFIC

India Opens Phone Business To Private Firms

Compiled by Our Staff From Dispatches NEW DELHI - India announced Friday that it would allow private companies, domestic and foreign, to operate telephone service networks in the country.

The move is aimed at meeting an \$8 billion shortfall in the estimated \$14 billion needed to modernize India's antiquated telephone system and at providing a phone on demand to Indian citizens by 1997. The draft policy, placed in par-

liament by Telecommunications Minister Sukh Ram, said that state control on basic telephone services was being eased, and that private companies would now be permitted to operate their own networks in urban as well as rural areas.

With a view to supplement the effort of the Department of Teleations in providing telecommunication services to the people, companies registered in India will be allowed to participate in the expansion of the telecommunication network in the area of basic telephone services," the policy said.

Observers say that ordinary citizens in India with no political influence or money to pay bribes, now have to wait up to five years for a connection, which may not even work when they get it. An estimated three million people are on the waiting list for telephones, and the list is growing by nearly 20 percent every year. But the list, say analysts, is expected to vanish when foreign companies bring pro-

vide phone services.
U.S. West Inc. and Motorola Inc. have already applied to the Indian government to run telephone services in some parts of the country. Others, analysts say, are eagerly waiting to enter the huge Indian market of nearly 900 million people. Mr. Ram told parliament Friday that the policy also was aimed at bringing to India all sophisticated phone services available in advanced countries. Hardware manufacture and extra services such as radio-paging and mobile cellular

phone systems are also part of the The policy document, whose theme is "telecommunications for all," was released on the eve of Prime Minister P.V. Narasimha Rao's departure for a visit to the United States, Mr. Rao is expected to meet with American telecommunications executives.

The policy document said that India's telephone distribution average per 100 persons is 0.8 compared with 1.7 in China, 2 in Pakistan and 13 in Malaysia. Tens of lhousands of villages have no phone connections at all.

The document said the policy's aim was to ensure that all of the more than 500,000 villages in India had a phone connection. (AFP, Bloomberg, Reuters)

■ China Targets Year 2000 China hopes to develop one of the world's three biggest telecommunications systems by the end of the century, the official news ageney Xinhua said on Friday, Reuters reported from Beijing. China aims to finish its new tele-

communications network by 2000. in a revamp costing 360 billion yuan (\$41.4 billion), Xinhua quoted Com-munications Minister Wu Jiehuan as saying. Mr. Wu said the govern-ment's five-year plan for telecom development had already been drafted, and involved knitting together main optical-fibre cables with a network of mobile-phone systems.

Disney Woos Japanese Samurai-Bond Issue Targets Individuals

TOKYO - Walt Disney Co. is betting that Mickey Mouse mania and historically low interest rates in Japan will prompt individual investors here to snap up a major corporate bond offering

next month.

The U.S. entertainment giant is working on plans to sell about 30 billion yen (\$288 million) worth of samurai bonds - issues denominated in yen and sold by foreign entities in Japan — to individual investors, said executives at Nikko Securiues Co. financial adviser and lead underwriter for Disney.

The bonds will have a maturity of less than five years to offer individuals an alternative to putting their mooey in bank savings deposits and investment trusts, the Japanese equivalent of mutual funds, said Yoshimori Rikukawa, international finance manager at Nikko.

Disney is one of a growing number of companies, Japanese and foreign, trying to raise money among individual iovestors in Japan.

"Japanese individuals own more than 1,000 trillion yen in financial assets," Mr. Rikukawa said. The problem is most of this is in savings accounts that pay individuals very little. That's why it makes sense for corporations to sell bonds directly 10 individuals, to offer them higher interest rates than what they get at banks."

Disney njoys tremendous brand-name recognition among the Japanese, who are among the world's most devoted fans. About 16 million visitors swung through the portels of Tokyo Disneyland in the business year ended March 31, up from about 10 million when the park first opened a decade ago.
While Disney does not own Tokyo Disneyland.

it does receive considerable royalties from the park-owner and operator, Oriental Land, an unlisted company mostly owned by the developer Misui Fudosan Co. and the commuter line Keisei Electric Railway Co.

Disney's timing is fortunate because interest rates in Japan are at historic lows. That has driven savings deposit interest rates to below 2 percent in most cases. Stocks do oot offer much of an alterna-tive for the individual investor. While the Nikkei 225 Index is up 16 percent for the year, Tokyo's political gridlock, the soaring yen and uncertain economic outlook, make Japanese equities risky.

To be sure, investors certainly have reason to be skeptical of the bond offering, for all is not peachy in Disneyland. The company took a \$350 million charge in its fourth quarter as a reserve against its exposure to the Euro Disney park in France, now undergoing a financial overhaul, and analysts say another \$90 million in write-offs is not out of the

Still. Disney's steady cash flow from its home video business, bolstered by such classic offerings as "The Jungle Book" and "Bambi," as well as the

The company is counting on Mickey mania and historically low rates.

consumer-products division, helped propel its sec-ond-quarter profit up 16 percent, to \$248.5 million, in the quarter ended March 31. Revenue rose 12 percent, to \$2.28 million from \$2.03 million.

At least in Japan, credibility will not be much of problem, either. Wall Disney has an AA-minus credit rating from Standard & Poor's Corp., and an Al, rating from Moody's Investors Service Inc. Those are oot top gradings, but "both of those ratings are higher than those of Japanese banks where most individuals keep their savings." Mr. Rikukawa said.

If Disney can pull off a successful sale among individual investors, it could save itself a pile of money. Institutional investors would demand a far higher return, because they would value the Disney bonds like a corporate loan. The long-term prime rate in Japan for five-year corporate loans currently is 4.4 percent.

"A company like Disney can sell bonds at a lower cost," Mr. Rikukawa said, "because it's eliminating banks and institutional investors that take a cut for serving as intermediaries between individual savers and corporate borrower.

Disney is not the only company hoping to tap the deep pockets of Japan's individual investors, whose collective financial assets are about 10 times Japan's 73 trillion yen nauooal budget and dwarf the 160 trillion yen in assets managed by Japan's 27 life insurance companies. The trend started on April 15, when Sweden made the decision to sell to Japanese individuals 20 billion yen in two-and-a-If-year bonds that pay 3.25 percent interest, with Nikko as lead underwriter.

That was followed by on offering from the electric cable maker Furukawa Electric Co., which sold 20 billion yen in three-year bonds with a coupon rate of 3.3 percent to individuals.

Malaysia Is Battling Inflation

KUALA LUMPUR - After seven boom vears. Malaysia is fighing inflationary pressures ex-acerbated by rising spending and profiteering, analysts said Friday.

A national campaign to fight in-flation is to be launched by Prime

Minister Mahathir bin Mohamad on Thursday. It aims to curb excessive price increases and get Malaysian consumers to spend less. The inflation rate of 3.6 percent

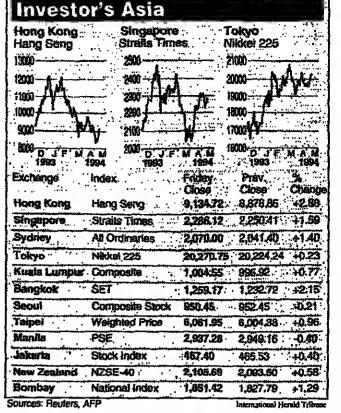
last year was considered relatively low, given the country's 8.5 percent economic growth, but analysts said that soaring wages, ample liquidity and arbitrary price increases are putting pressure on prices. Many economists predicted inflation would rise to a 4.2 percent rate this year and 4.5 percent in 1995.

There is a psychological trend among our traders that prices of goods must go up every few months regardless of whether there is a genuine rise in inflation," said Ramon Navaratnam, the chief executive of Bank Buruh.

The inflationary trend was reflected by the overall 7.4 percent increase in prices of noncontrolled foodstuffs in the first quarter, compared with the corresponding period last year, Mr. Navaratnam said. "These price increases are do-

mestically generated and not im-port-inflated," he said. A precursor of the main antiinflation campaign was the classifi-cation on Wednesday of bread as a

Aoalysts said the dynamic growth of the Malaysian economy over the last seven years, at an average rate of 8 percent a year, had led to an estimated 70 percent to-100percent surge in the income of the middle and upper classes The boom also brought an influx of foreign funds for capital and money-market investments.



Very briefly:

• South China Morning Post Publishers Ltd., publisher of the largest circulation English-language newspaper in Hong Kong, said its net profit climbed 29.2 percent, to 135.7 million Hong Kong dollars (517.5 million), in its financial third quarter ended March 31. The company put out a rare quarterly earnings report because a new English-language competitor started publishing in February, analysis said.

 Mitsubishi Motors Corp. said it had agreed with Mitsubishi Corp. Japan's largest trader, along with Malaysian and Chinese concerns, to study a joint venture to develop the Chinese automobile industry. Mitsubishi Motors also said that details of its \$50 million joint venture to produce cars in Vietnam with Vietnamese and Malaysian partners were approved by the Vietnamese government.

• Kawasaki Steel Corp., the only big Japanese steelmaker not to curtail capital spending this year, announced plans to streamline its steel activities and to cut the number of its board members by six, Japanese bank lending in April grew 0.3 percent, compared with April

1993, a low growth figure that showed banks were writing off nonper-forming loans, the Bank of Japan said.

• Hughes Aircraft Co. said it was to be awarded a contract to supply satellite control equipment for Malaysia's first telecommunications satel-Bloomberg, Reuters, AFP

Exxon Returns to India After 18-Year Absence

BOMBAY - Etton Corp. said Friday it was returning to India after an 18-year absence. Exxon signed a memorandum of understanding to give Hindu-stan Petroleum Corp. the right to blend and market lubricants and petroleum products under the Esso brand name in India.

The agreement, signed Thurstime Exxon has sold branded oil products in India since the government there bought the company's assets in 1976.

This agreement represents a significant advance in our strategy for re-establishing our presence in the rapidly growing In-dian markets," said Kwa Ching Seng, chairman and managing director of Esso Singapore Pte. Exxon is the latest foreign oil

company to aim for the Indian lubricants market. So far, Caltex Petroleum Corp. and Mobil Corp. of the United States and the British-Dutch Royal Dutch-/Shell Group have teamed up with smaller Indian companies to blend and sell lubricants.

BAT Won't Take Over ITC

BOMBAY - The Indian cigarette company ITC Ltd. will not sell control of itself to its Britishbased partner BAT Industries PLC, ITC's chairman said Friday, ending weeks of speculation.

"BAT will not have a majority shareholding," Kishan Lal Chugh, the chairman, said. He said the agreement with BAT, which has a 31 percent stake in ITC was reached in London last week.

ITC, India's second-biggest priance Industries Ltd. has been the subject of heated debate recently after newspapers reported that BAT was seeking to raise its stake in ITC to 51 percent.

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reveals the vulnerability of several siasm for the takeover. leading Indian companies to takeover attempts from foreign multi-

national partners after the opening up of the Indian economy under a reform program initiated in 1991. Mr. Chogh said BAT's attempt to acquire ITC was discussed in London. Mr. Chugh, who opposed the takeover, said that Indian fi-Mr. Chugh has said that ITC has

nancial institutions, which own about 39 percent of ITC, had supsition of American Tobacco from and paper businesses.

Mr. Chugh said ITC would not sell a majority in any of its other businesses either, except possibly

in insurance and banking.
ITC's application to open a bank is awaiting approval from the coun-

an ambitious program to expand in sectors from hotels and edible oils to financial services. This year it is to launch two Euro-share issues total-The company has set a target of

and the Indian government's recent S1 billion in exports in five years, ban on companies selling shares to compared with \$255 million in

Bad Loans Hit Sumitomo Agence France-Presse

TOKYO — Sumitomo Life Insurance Co. suffered a onetime loss of 130 billion yen (\$1 billion) in the year ending March 31 after writing off bad loans, industry sources said

The sources said the writeoffs were the first ever by a Japanese life insurance company, and they were offset by ties, which raised 80 billion yen. Sumitomo's unrealized

gains were estimated at 2 tril-

Liberalizing Taipei Invites Foreign Insurance Firms the Finance Ministry from June 3

to Dec. 2.

Agence France-Presse

TAIPEI - Taiwan will shortly let all foreign insurers join their U.S. counterparts to operate on its soil as part of an effort to liberalize the economy. Finance Ministry officials said Friday. Since 1987, Taiwan has permit-

ted only American companies to participate in the local insurance

ization required by the General Agreement on Tariffs and Trade, which laiwan is seek Now, insurance companies from other countries will be allowed to set up subsidiaries on a reciprocal compete with 29 Taiwan insurers on

ng to iom. Twenty-two U.S. life and property insurance companies currently basis, officials said. Foreign insur-ers can file license applications to insurers have set up liaison offices.

Each applicant must hold a mini-mum paid-up capital of 2 billion Taiwanese dollars (\$75 million), of-

ficials said, and the ministry's De-

partment of Insurance will need six

The move is in line with liberal-

months to process applications.

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FIRST COLUMN

Advice: It's What You Pay For

EARING in mind that even the best-informed and most singleminded people frequently need good advice, the question has to be asked: What is it? What, for example, is the difference between comment and advice? Everyone thinks they can distinguish easily enough between them, but this sometimes proves to be surprisingly difficult.

The first test is a semantic one. Advice recommends a course of action. Comment, tending toward statement as opposed to imperative, is much more neutral.

Financially, there is another useful test. Advice is that which is paid for, whether you take it or not. The lawyer or accountant who offers advice which is not taken will happily send out the hill and, quite rightly, sue if it is not paid. There are even those in the advising professions who are never happier than when their professional advice is not taken. First, they still get to send the bill. Second, they can't be sued if the client, having followed his own instincts, finds himself in a

Yet this test too has its exceptions. Unfortunately there is a brand of adviser who does not get paid if his advice is not taken. Imagine sitting opposite a private hanker - the most august and respectable of advisers who says at the end of a two-hour discussion that your finances are in excellent shape, that he couldn't honestly recommend a better home for your assets than the spread of deposit accounts, bonds, equity and derivative funds in which you have them now. The banker's advice is to go bome and sleep

ONT wait for this to bappen in the real world. Because even at the top end of the "advice" market, what you're getting is a sales and counseling service. If you don't huy, the adviser doesn't eat.

Clearly, an accountancy-style fee system would be desirable. But the financial world works by selling products, and a fee system is at best a remote possibility. Meanwhile, when taking "advice," find our what the adviser is making on the deal. Now that's

For Do-It-Yourself Investors, Find the Discount Broker for You

By Barbara Wall

ITCHEN table stock pickers have, for a variety of reasons, chosen to dispense with the services of portfolio managers in favor of independent action.

If you fancy pitting your wits against professional stock selectors you will still need to enlist the services of a stockbroker to execute huy and sell orders on your behalf. Boutique-style advisory firms will prohably not be interested in your money if the transactions are for small amounts and dealing is infrequent. A popular alternative is an execution-only share trading service, as offered hy the likes of Fidelity U.K., and Charles Schwah, another American investment-management company with offices in London.

An execution-only stockbroker carries out the trade and does the associated administrative work, hut, technically, he does not give advice. Accounts in which one can execute not only equity trading, but also deal in unit trusts, mutual funds, and corporate and government bonds provide the most flexibility to investors who want a diversified port-

Not all of the hrokers surveyed offer such a wide investment choice, and many restrict deals to the U.S. and British markets. Schwab, for example, is only prepared to deal in U.S.-listed securities and U.S. mutual funds, while U.K.-based Sharelink restricts its trading to equity trading, though it does provide access to European markets. Fidelity offers a more comprehensive service, dealing in equities, unit trusts and mutual funds in more than 17 markets worldwide.

You may be tempted to opt for a service with low commission charges on sales and purchases, but this can be a false economy. The way a deal is carried out may also influence the overall transaction costs. As most of Europe's largest stocks are listed on all the principle exchanges, the broker has the choice of buying at the center of greatest liquidity - often the company's home base, or buying shares listed on his local exchange. It is not always easy to tell if you are getting

Justin Urquhart Stewart, director of business planning for Barclayshare U.K., said. "The U.K. market trades more overseas stocks than any other European market, and the price is usually better than that quoted on the exchange in the company's home Intermediaries """

International money transfer Dealing on-line at home

Page 17 Multifunds as a medium Mid-market intermediaries Low-cost private banking

If the hroker is prepared to do some groundwork you may save money on the deal. Some companies have a wide spread in their share price. If the broker goes to the market makers in that company's shares he may be able to negotiate a better price than if he dealt at the trading screen spread price.

The charges levied by execution-only hrokers are generally higher for foreign transactions. Sharelink charges a minimum supplement of \$108 for European deals, and Fidelity's commission rates for European transactions can work out to be twice as expensive as for British or American trades.

You may be better off approaching a hroker in the target market. Mansion House in Hong Kong charges 0.25 percent of the value of transactions made in Hong Kong, or a minimum of \$38, substantially less than the rate offered by other discount houses for trades in Hong Kong.

Of course, setting up accounts with different hrokers in a variety of countries may not be practical. Keeping track of all your investments is bound to prove time-consuming, and there may be other charges to take into account, such as custodial fees. If you are paying custodial fees to more than one broker, the overall costs will probably offset any savings made on the commission rates. There is a lot to be said for holding all your investments in one account.

While most execution-only brokers deal exclusively in equities there may be occasions when you require access to collective investment vehicles.

"Lately, there bas been a lot of interest in European privatization issues," said Mr. Urquhart Stewart. "If you are based in the U.K., and you want to buy shares in a recently privatized French or Spanish company, the transaction costs can prove very expensive if you are dealing direct. For deals below \$7,500 investors would probably be better off opting for a unit trust or investment trust which specializes in these investTrading at a Discount Execution-only share trading services in the U.K. Minimum on \$19,000 Company \$85 U.K.tredes \$67.50 U.K. trades. \$30 U.K. trades Barclayshare* \$125 non-U.K \$87.50 aon-U.K. \$66 non-U.K. trad \$90 LLK. trades \$105 U.K. trades Fidelity' \$75,50 U.S. trades \$65.59 U.S. tredes \$187 \$239...· \$89 U.S. trades \$110 U.S. trades Charles Schwab (4)"" SAM NOTEM \$52.5 U.K. trades \$85.50 U.K. trades Share centre \$19 \$68 U.K. trades \$75 U.S. trades \$87 U.K. trades \$30 U.K. trades Str2.50 U.S. trade \$38 mon-U.K. trades For EU trades, minimum supplement of \$105 0.25% commission on Hong Kong trades; Mansion House 4% on non-Hong Kong trades. (Hong Kong)

Footnotes: (1) £2(\$3) per holding. Min. \$75 per quarter. (2) No cost for holding LLRALS, stocks, \$150 per seer for holding. Australia, Hong Kong, South Africa, U.S. (4) 10% discount on commission pharged of client deals through telebroke service.

Berclayshare: offers access to unit trusts, gets and mutual funds, Mutual fund commission scale in the same as the services because charges \$16 per limit trust deal. Fidelity. Access to make it funds and trust trusts. Offers discounts on with trusts. Offers discounts on which sands which early trust-adid charge.

Similarly, for those who require exposure to the emerging markets - few executiononly brokerages offer access to these markets. - an emerging-markets fund may be preferable to direct investment. Most executiononly brokers avoid dealing in unit trusts and other funds because they are messy and time-consuming.

A spokesman for Fidelity said; "There is always a time lag between placing the order and buying the units. To begin with the broker has to get an indicative price for the units, clear this with the client and then go to the unit trust management group to find the next price at which to buy into the fund," The way in which funds are priced is also

confusing. With unit trusts, investors purchase units at the offer price and sell them back to the management group at the bid price. The difference between the two prices is called the bid/offer spread, which is usually around 5 to 6 percent.

The offer price is calculated by taking the lowest market dealing price for shares in the unit trust and adding dealing costs, stamp duty and undistributed income. The hid price is arrived at by taking the highest dealing price and then subtracting dealing costs and uninvested cash. There is also a cancellation price, which is the price at which some fund managers will buy back the units if the investor changes his mind within

The pricing of open-ended collective investment funds, such as SICAVs, is much easier to understand. There is basically a single pricing structure with no spreads. The funds are repriced every day and the prices move according to the value of underlying assets in the fund. On any given day the price at which you can buy into the fund or sell will be the same.

"The way in which a SICAV is priced is no more advantageous than, say, a unit trust," a Fidelity spokesman said, "However, openended collective investment vehicles are far more sensibly structured and the regulatory restrictions are less onerous for riskier investment undertakings such as the emerging

Another point to be aware of is the distinction made between load and no-load funds. With a no-load fund there is no upfront charge, or fee when shares are acquired, but investors will probably have to pay a penalty when they move out of the fund - after all, brokers bave to get their commissions somehow. All other funds carry a front-end charge that is incorporated into the purchase price.

Both pricing systems bave advantages and disadvantages. "If investors opt for a no-

load fund they can choose exactly when the want to pay the commission and get and the fund. Moreover, for long-term sives. ments there may be no charge levied to.
Fidelity spokesman said, adding.
On the other hand, by paying an up four

charge, investors know exactly what they are paying. For example, if the front end them is 1 percent, this is the maximum that inve-tors will pay. With a no-load fund the value of the fund may have risen sharply by the time the investor decides to relinquish in boldings, and, if he has to pay 1 percent the fund value as a 'get out' penalty, the ultimate cost to the investor will be substatially higher."

Finally, it is worth finding out if the imker offers discounts on fund purchase this is only an advantage for funds that here a front-end charge. While Schwab offer discounts on U.S. mutual funds, a significant proportion of these funds do not hive front-end charge. Fidelity offers discount on U.K. unit trusts, all of which carry a front-end charge. Its discounts start on putchases of £5,000 (\$7,500) and go in to a much as 3 percent of the initial charge.

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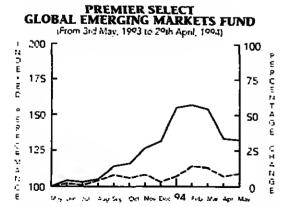
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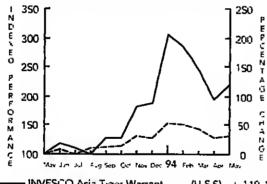
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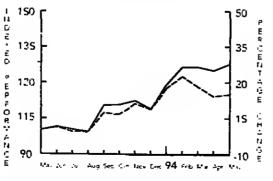
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ROUND this time of year most of its are looking forward to a wellearned summer vacation. But imagine the following scenario: on arriving at the holiday resort you are horrified to discover your wallet is missing. You barely have enough money to pay for a taxi to the hotel, let alone cover the cost of accommodation for the first few nights. A return flight is also on of the question because tickets and passport are safely tucked away, or so you thought, in the missing

Optimistic souls might decide to take a chance and rely on the goodwill and generosity of the hotel manager or fellow tourists. A less embarrassing alternative is to pay through the nose for a telegraphic money transfer, though this may prove time-con-suming if you discover the loss at the weekend when most banks are closed. Even if the transfer is requested midweek, it will generally take two to four days to be processed and what do you do in the meantime?

A handful of emergency money transfer services now guarantee automatic international payments around the clock. Western Union, in London, offers instant money transfers via a network of 20,000 agents located worldwide. If you are stuck for money, a friend or relative can pay the desired amount into their nearest Western Union agent and you can collect the foreign currency equivalent from a recipient agent nearest you within 10 minutes. The agency network includes pharmacies, grocers and travel bureaus, many of which are open late and at weekends.

The cost of the service will depend on the transfer amount. A money transfer of \$450 to \$600 will cost \$48 and a transfer amount of \$1,000 to \$1,500 will set you back \$70. Barry O'Sullivan, Western Umon's sales and marketing director said, "Nobody has ever complained about the cost of the service. Our customers are just relieved that their holiday has not been ruined."

Western Union has also helped travelers caught up in potentially dangerous situations. "One gentleman telephoned Western Union in a state of panic because his daughter was stranded in Thailand without money or accommodation. We were able to transfer money to his daughter within 15 minutes," said Mr. O'Sullivan.

American Express also offers a same-day money-transfer service. Their "Moneygram" enables the transfer of up to \$7,500 in less than 10 minutes. The service is not restricted to American Express cardbolders and is available at more than 12,000 locations in 61 countries. While most banks will happily arrange a telegraphic transfer, few offer a cut-price instantaneous money transfer service, and of those that do, the service is generally restricted to a handful of countries.

The Royal Bank of Scotland's Interbank Online Service is available to customers of the bank and its affiliated banks in France, Spain and Portugal. The service costs \$10 to \$27, depending on the transfer amount. In

A wider choice of services is available if you can afford to wait a few days for delivery of the money. A straightforward foreign-

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currency bank draft takes about a week to process and costs about \$18 for transfers of small amounts. A less-expensive alternative is the Tipa Net service offered by partners of the U.K.-based Cooperative Bank in France, Belgium, Italy, Germany and Canada. A flat fee of about \$7,50 is charged for transfers of up to \$7,500. The Cooperative Bank guarantees that the money will arrive in a specified time: three days for transfers from Britain to France, and eight days from Europe to Can-ada. The service will shortly be available for transfers to and from the United States.

National Westminster bank in Britain has recently introduced a transfer service for small amounts for international clients. A spokesman for the bank said: "Until now, the cost of remitting funds from the U.K. abroad has been subject to variable agents' charges levied by the overseas banks handling the transaction. We offer our customers a fixed price, fixed delivery service."

The service, NatWest Relay, allows customers to send payments up to the equiva-lent of \$3,500 in local currency directly to a recipient's bank account in any participating country for a flat fee of £9 (\$14). The bank guarantees payment within six days, though a spokesman said that 4 days was the norm. Since announcing the proposed scheme in with Commerzbank in Germany. Credito Italiano in Italy and Societé Générale in France, NatWest has concluded bilateral agreements with banks in the United States, Spain, Denmark and Canada.

"The service is aimed at customers who need to make low value, regular payments abroad," said a spokesman for NatWest Relay. "It can be used by businesses to settle bills and pay pensions, dividends or salaries, while personal customers can pay magazine subscriptions, overseas mortgages and general purpose payments."

Visa, the international credit card group, plans to offer a money transfer service to cardholders within the next few months, but it still has a few problems to iron out.

"Research shows that 40 percent of payment transactions in Europe are destined for countries outside Europe, particularly the United States," a company spokesman said.
"If the transfer service is to be effective, it must be available worldwide. However, Visa has encountered legal and regulatory problems in relation to U.S. banking laws."

Finding a cheap and efficient international payments service is not easy, especially if you need to send money to countries outside the European Union. Pay particular attention to foreign-currency transaction charges, conversion rates and hidden bank charges in the recipient country. Finally, it is worth finding out if the transfer service shoulders ments. While all of the providers surveyed said that they would accept liability and make the necessary compensation, this is not

BRIEFCASE

Italian Bonds Nicely Survive Nation's Political Troubles

Rumors of the death of the Italian bond market have been exaggerated. Whether the markets like the new government or not, the returns for April show a net gain to dollarorientated investors of 1.28 percent, according to figures published by Kemper Investment Management Company Ltd.

In local currency terms, the Italian bond market broke even, unlike the other 20 markets monitored by the firm. The rest lost money, with the worst returns coming from Swiss bonds, which were 2.47 percent worse on the month. The best performer was the Irish market, just ahead of Italy with 1.67

Schroder Investment Offers

Fund for the Tokyo Market So there is somewhere other than Latin America to invest after all. Schroder Investment Management Ltd., a London-based mutual fund firm, is introducing a fund

aimed at the hitherto unfashionable Japa-

nese market. If nothing else, this vehicle has novelty value amid the glut of Latin American funds unveiled recently.

Schroder Japan Growth will be available beginning June 7, and will invest in the first and second sections of the Tokyo market. The fund will be managed from Tokyo by Ed Merner, who also manages Schroder's Japanese Smaller Companies fund.

"We believe there is now increasing evidence of a recovery taking hold in certain areas of the Japanese economy," said Jeremy Hill, a director of Schroder Investment Management. "We are recommending that our retail investors invest now."

Shares in the fund (which come with warrants) are priced in pounds.

For more information, call Schroder in Loudon at (44 71) 382 6000.

ATM Networks Push On With Worldwide Expansion

The financial pioneering of automated, teller machines continues. The two big networks, Visa and MasterCard, are competing to build ever-larger systems of linked ATMs

worldwide. The latest development is an extension to the system that links Master-Card, CIRRUS and Europay, with 2,500 ATMs having been added in Turkey. More than 3,500 machines will be connected by the summer tourist season, according to a Europay spokesman.

The Europay/MasterCard/CIRRUS network has now grown to more than 172,000 machines in 55 countries, according to Europay figures.

Trust to Limit Death Taxes Unveiled in Virgin Islands

Interested in asset protection? A new offshore trust plan is on the market from a British Virgin Island-registered company, O.F.S. (International) Ltd. The plan is designed to limit inheritance tax liability for individuals domiciled in Britain.

Readers are strongly advised to seek pro-fessional advice before entering such

For more information, write O.F.S. care of Trident Chambers, P.O. Box 146, Wickhams

Information Highway: Brokers Rev Up

By Baie Netzer

OR a great number of individual investors, U.S. discount brokers have attained the stature of grass-roots heros. They are the little guys who undercut the hefry commissions of full-service competitors by eliminating cold-call-ing, aggressive brokers and voluminous research reports. The key to their success is obvious: They realize that many investors dread nothing more than a broker with a tip.

The growing success of computer trading programs has brought discount brokers to realize a deeper truth: Many investors prefer not to talk to anybody at all, Just hand them the keyboard if you please

and they will trade electronically. For investors living abroad, the advantages of computer trading are enhanced by money saved on phone costs and access to on-line stock quotes 24-hours a day. Some discount brokerages even slash their commissions by 10 percent for investors who use their comput-

er trading services, Only a handful of U.S. discount brokers have introduced computer trading and only one, Charles Schwab, has specifically marketed its software to international clients. But there are at least three other U.S. discount brokers that allow international customers to trade via computer. To take advantage of the services, investors need a computer, a modem and communica-

tions software. Though both Fidelity Brokerage Services and Charles Schwah have made aggressive forays into Euaggressive in marketing its computcessing account information and accessed with Macintosh computstock price quotes. Commissions ers. on computer-executed trades are 10 percent lower than normal com- offices. But because the brokerage

Schwab's program routes investors through local European nodes of Compuserve, an international data network. As a result, investors who use their computer to dial into Today, investors using the service the Schwab network pay only the from outside the United States are cost of a local phone call rather concentrated in Germany, Saudi than the typical international rates Arabia, Japan and Guam, accordthey must pay to call a Schwab, ing to Lesley Zuke, spokesman for broker in the U.S.

Indeed, a few Schwab customers discovered the advantages of com- Brokerage Services, or PBS, invesputer trading before the company could make its software available in Europe.

of our international customers pay a \$50 one-time fee and 25 cents found to piggy back off of other a minute while connected to the data bases and into our system." system. Commissions are charged said Ginger Ons from Schwab's at 2 cents a share. service enhancement division. They could bounce imo the U.S. from abroad, hop to Düsseldori, to investors encourages investors to get back in through Texas and then compare computer trading costs at hook up with us somehow."

More than 50,000 U.S. customers currently use Schwab's computular with customers in Britain and Germany, the company said. The discount broker Quick &

Reilly also offers a computer trading program known as Quick Way. Though the company does not offer extra discounts for computer

er trading services. Last October, chasing special software and with Schwab introduced its Equalizer no annual fees. Users may connect software flimited to IBM and IBM- to Quick Way through Compucomparible computers) to Europe. serve, America Online or through The package costs \$69 initially and the brokerage's own computer. there is an \$8 monthly fee for ac-

Quick & Reilly has no European

was among the first to offer com-puter trading through Compuserve, U.S. investors living abroad quick-ly caught on to the idea of buying d selling stocks electronically.

the brokerage.
At Los Angeles-based Pacific tors with a minimum of \$1,000 to invest can open an account and trade with PBS-Ooline using "It was amazing the routes some AT&T's data network. Customers system. Commissions are charged

> Computer trading at PBS is heavily marketed. Literature sent competing discount brokerages.
>
> The problem with Schwab and

Fidelity is that to trade with them, er trading program. Since October, you have to buy their dumb the software has proven most pop-software, "says PBS president Steven Wallace. "Our rates are probably the best available for this type of on-line service."

Nonetheless, for investors who Pease send your complimentary brochuse the company's Fidelity On-line trades, investors can access the United States. Fidelity's American company's system without pur- arm has offered the program since

1992. However, untike Schwab, the European office is not planning on selling software outside the U.S.

"Because we don't sell our software internationally, the customers that have it outside the U.S. are basically customers who took it abroad with them, "says Donna Morris of Fidelity's U.S. unit.

Still, Fidelity representatives say their European discount prokerage business is booming. In the last year, the company has tripled its client base and added toll-free telephone numbers for investors in Britain, France and Germany. Though investors ean't avoid speaking with someone, at least they won't have to pay for it.

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THE MONEY REPORT

On Shopping Around for a Stockbroker

By Aline Sullivan

INANCIAL advisers market themselves as expert navigators of the turbulent waters of international finance. For many private investors, their advice can prove invaluable. But investors sometimes discover to their cost that their chosen navigator has mislaid

Finding an intermediary worth his comm his commission can prove tricky, particularly for an expatriate unfamiliar with the local investment scene. Word-of-mouth recommendations remain the most popular route, although investors acting on personal recommendations would be well advised to confirm their intermediary's credentials with the

relevant regulatory body. In the United States, the National Association of Securities Dealers operates a hot line to supply details of the disciplinary history of any brokerage firm or sales representative. Such information is harder to find in Figure 1. find in Europe, but bodies such as FIMBRA in Britain can at least

tain basie professional standards. The first considerations in evaluating an adviser are the size and scope of the firm and the amount of control the investor is willing to entrust, investors also ceed to decide how much risk they are ready to assume and be prepared to describe their overall investment

ence to modest partnerships. The smaller firms will make great play of their "personal service." Certainly they can be attractive both to first time investors and in those disillusioned with the less personal service provided by firms that concentrate on corporate clients.

But investors should not fight shy of all the bigger brokerage firms simply on the fear that they will have no time for the small investor. They can provide the greatest range of financial services and often the most sophisticated advice. Many, due to the recession and a decline in corporate activity, are working hard to woo private

In Britain, the London-based over their investments by hiring ex-Association of Private Client In-ecution-only stockbrokers or by

vestment advisers and Stockbrokers, or APCIMS, publishes a directory of virtually all private client stockbrokers operating in the United Kingdom and in Britain's offshore territories. In the United States, a similar service is provided by the Naconal Association of Securities Dealers in Washington.

Generally, investors control the Brokerages range from large investment decisions in their ac-firms with an international presdiscretionary authority to their brokerage firm. Discretionary authority, also known as portfolio management, enables the firm's sales representatives to make investment decisions without first consulting their elients about the price, the type of security, the amount or the timing of transac-

The risks in selecting this meth-od are obvious. The Nasdaq stock market authority in Washington warns private investors not to give discretionary authority to their brokerages without first seriously considering whether this is appropriate to their investment aims.

Many investors retain control

limiting their firm's power to advi-sory services in which the broker fidential" information; so-called consults clients on the purchase. sale and retention of shares.

But, according to Duncan Ramcreasing numbers of investors astime or the expertise to manage their own portfolios. "There is a lot of speculative dealing in the execu-tion-only market," he said. "Most clients want a more long-term approach."

Reports of advisers who run off with their clients' funds are the stuff of nightmares. But these are rare. The biggest problem for investors is that the business of stockbrokers and other financial intermediaries tends to be driven by the commissions generated by trades. Clients may be advised to buy and sell frenetically when their best option is so sit tight.

Nasdaq identifies "an excessive number of transactions in your account" as a key warning signal to investors that their broker is not acting in their best interests. Other

"guarantees" that clients will not lose money on a particular transaction; and a proposed sudden shift sey, a private-client stockbroker at in clients' investments, either into County NatWest in London, in- higher risk securities or into a single product. Also, a recommendasign their brokers discretionary au- tion to switch an investment in a thority because they don't have the mutual fund to a similar fund can

signal trouble.
Unless there is a legitimate investment purpose, a switch recommended by your sales representative may simply be an attempt to generate additional commissions." warned Nasdag in a recent bulletin

to private investors. With so much at stake, investors understandably find selecting an adviser daunting. But Geoffrey Turner, chief executive officer of APCIMS, contends that stockbrokers are much more approachable

than most investors realize.
"Shop around," advised Mr.
Turner. "Stockbrokers are in the service business and investors are their customers. They are much more open than they used to be. Go and see them, describe your portfolio and ask them what they can do

People who track the fund indus-

try say that many obstacles will

remain in trying to grow the multi-fund business and that it will al-

"They're not very popular at this

been able to find the performance

when you add in the extra layer of

ways occupy a small niche.

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Cautious? Can't Make a Decision? Try a Multifund

By Conrad de Aenile

HE theory behind funds of funds is simple enough: You can never have too many managers. If individual fund managers can beat their own markets, then another astate professional might be able to figure out when the others will be at their best and worst and allocate money accordingly, there-

by beating the markets even more. Nice idea, but it's been a tough sell. A number of competing trends in the fund business make it harder or easier - mostly harder - to convince investors that the extra layer of management will give them enough added value to make it worth the cost.

There has been an evolution in the financial service industry toward lower-cost operation. To customers who are getting used to the idea that it may not cost a fortune to make a fortune with a professional money manager, the idea of paying for that extra layer of man-

agement may go against the grain. The trend that works in the favor of funds of funds is the increasing affinity for personal portfolio management, and it is the client who wants this kind of help that the person comes to us and can't make the decision where asset allocation should be," said Greg Cremen, bead of offshore lunds for the

Gartmore group. Multifunds, as they are also known, are intended as a happy medium between a conventional fund and individual management. Gartmore offers a service in which . customers state their preferred level of risk — there are four choices — and their money is put into an appropriate portfolio. All four invest in the same component funds, only with different allocations

cile, with a 21-component fund in Luxembourg and a Jersey-based fund with 24 subfunds. The mini-mum investment is \$10,000 in Luxembourg and \$25,000 in Jersey. Clients choose the currency they want to concentrate in, too. The fee for the service is 0.75 percent of assets per year, plus the expenses of the individual subfunds.

Mr. Cremen said that investors in multifunds are cautious types, and that interest generally goes up when the markets are shaky. That's why business at Gartmore has been

There is also a choice of domi-ile, with a 21-component fund in set up a fund to do it."

One of the biggest providers of multifunds is Global Asset Man-agement, which runs \$3.4 billion in 29 funds of funds, each investing wholly outside the GAM family. The feeling is that clients can buy GAM's own funds directly, and that including them in a multifund would amount to an unjust double charging

"It seems to us not the way to do things," remarked David Ginsberg. managing director of GAM's mulbrisk lately.

"We're finding much more sales get clients the broadest range of into the service" than into the untalent available, so we don't put the

'Most funds of funds don't wildly outperform or wildly underperform in

derlying subfunds, Mr. Cremen in-house guys into the GAM-la-said. "People are nervous about the markets, especially after last year's Because of the wide scope of the markets, especially after last year's Because of the wide scope of the when just about every market on bull run. They're less positive on allocation process. GAM charges a Earth stumbled. Global equity where to put money.

general.'

"It's difficult for the average individual, even with [a fair amount \$20,000. of] money, to know whether to be in Hong Kong stocks or German bonds or wherever. You're paying for the vigilance, making sore your money is not so much where it should be, but that it's not where it shouldn't be."

To try to more closely match the service provided by personal portfolio managers, more managers are looking farther affeld when they set up their funds of funds, choosing

funds outside their own range.
"Most use their own funds," especially in the United States, said Bill McBride of Lipper Analytical Services. "In other markets, groups are set up almost acting as indepen-

1.5 percent annual management fee. The minimum investment is

Rothschild offers a service called Libra that invests in outside funds and comprises half a dozen portfolio models based on investment objectives. Trevor Ash, managing director of Rothschild Asset Management in Guernsey, said the service had attracted about 2,000 clients and £150 million (\$225 million). The minimum investment is £50,000, and there is a 1 percent

management fee. Figuring out if the advisers who do the allocation are carning their keep should be pretty easy, Mr. Ash noted. The value of funds of funds is the performance of the fund versus those of individual

sub-funds, getting value above and funds, surprisingly, lost only 0.55 beyond underlying fund perforpercent on average and bond funds percent on average and bond funds fell 3.07 percent. The multifunds

Adding that value has proven to gave up 3.1 percent. be the main shortcoming of many multifunds and is the reason that this segment of the industry is not growing as fast as its providers

"These days there aren't that many funds of funds, if you look at the assets," said Mr. McBride of stage, primarily because people who run funds of funds haven't Lipper. "Most funds of funds don't wildly outperform or wildly underperform in general."

A compilation of results by Lipper shows that compared with global equity and global bond funds, a group of 48 offshore multifunds did about the same or a little worse than equity funds and somewhat better than bond funds.

One of the selling points of funds of funds is that they shine during declining markets. This dovetails with the caupious nature of their elientele. But the worst showing the multifunds turned in, Lipper found, was during the first three and a half months of this year,



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Private Banks Go Slumming?

methods, and more aggressive marketing, are allowing the moderately well-off to join the rich in taking advantage of the services offered by private banks. After holding for years above an unofficial threshold of \$1 million, the minimum account size has fallen at many banks to not

much more than \$100,000. With much of the administrative work in the investment business now done by computer, relationship managers — the people who deal directly with clients — can do at S.G. Warburg, Mercury's corpotheir jobs more efficiently and handle more clients than before.

With the right technology, "a manager has the benefit of managing hundreds of accounts in virtually the same fashion," said an executive at a large investment bank with a Swiss private-banking subsidiary. The manager can look at one number, say \$50 million, which is really 500 clients."

The technology allows us to break that defines "affluent." holdings. You can determine to sold as an exclusive service, a nice some extent what restrictions you gambling stocks, for instance. You modest means, banks find that they don't have the flexibility to do that

It is through the purchase of orin an ordinary fund." dinary funds that many privatebanking relationships begin. Fund creasingly providing personal portionio management, a cornerstone of lotio management, a cornerstone of

ties to the fund managers or brokers. The proliferation of customized management has compelled traditional private banks, as well, to lower their minimum account sizes to stay competitive.

The Mercury fund group is one that offers a range of private-banking services for those who are well off, but not exactly rolling in dough. Clients meeting the \$250,000 minimum investment for individual asset management be-

rate parent.
Account holders pay a 1 percent portfolio management fee, plus Warburg's usual charges for loans, wire transfers and other banking

The goal of the service, said David Rosier, chairman of Mercury Asset Management Private Investors, is to "try to turn a fund customer into a private-banking cli-Taking it a step further, he said: ent" at the lower end of the range

Private banking has always been seeking out customers of more One of the lowest minimums is

that at Lloyds Private Banking, which was set up in the late 1980s

EW technology and private banking. Other services are vate-banking accounts can be portfolio management offered through banks that have opened there with as little as ties to the fund managers or bro-It has given us the ability to achieve volume and scale quickly

and has allowed us to spread our overhead," observed David Terry, director of marketing for the private bank. If you limit it to £1 million, you're going to have to charge them a fair bit."

- CONRAD DE AENILE

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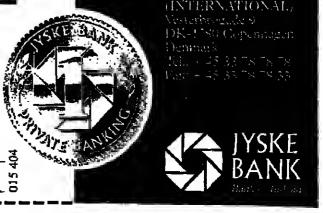
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Yanks, Cooking At Home, Win 7th Straight

Ah, home, sweet home. Even in

Bernie Williams hit a hases-loaded single in the 10th inning Thursday as the New York Yankees won their seventh straight, 7-6, over the Cleveland Indians, losers of 9 of their last 10. All seven victories

have come at Yankee Stadium. The victory improved New York to a major-league best 23-10.

"I feel like we can't lose." said Luis Polonia, who had as a pinch-hitter singled in the 10th for his 1,000th hit in the major leagues. "I feel like we're going out to win every game. I think everyone feels the same way, I don't think anyone can beat us right now."

were one out away from putting the

Pirates Give Phils Boost

The Associated Press Terrible now, the Philadelphia

Phillies yearn to be average.
The defending National League champions, firmly in last place in the NL East with a 13-21 record. beat the visiting Pittsburgh Pirates, 6-4, Thursday night.

"It's something we can build off of," said Pete Incaviglia, who doubled twice and hit his fifth homer. He pointed to several reasons wby the victory could boost the

NL ROUNDUP

Phillies out of the cellar and back into contention.

One was that Tommy Greene, a 16-game winner last season, got his first victory this year, Greene, who began the season on the disabled list with a sore right shoulder, allowed 10 hits in six innings, walking three and striking out five. But he only allowed one run, and the Phillies had a four-run lead when he left.

'Our main concern and goal is to get back to .500," said Lenny Dykstra, who went 3-for-4 with an RBI. "Everyone in this room knows we haven't played the baseball we're capable of playing yet."

However, first baseman John

Kruk was to undergo arthoscopie surgery on his right knee Friday and will miss the next three weeks. Kruk, who missed the first six games of the season after having a cancerous testicle removed March 8, will have loose cartilage taken out of the area where the right hip bone joins the lower leg.

Cubs 8, Cardinals 6: Pineb-hitter

Shawon Dunston broke a ninthinning tie with a two-run bomer as Chicago rallied from a four-run deficit in St. Louis. The Cubs, after a 7-6, 11-inning

loss Tuesday, began the game 1-20 when trailing after seven innings.

Mark Parent led off the ninth with a single, his third hit. Two batters later, Dunston homered on the first pitch from Rob Murphy.

game away in the ninth when the Indians rallied for three runs. But in the 10th, Mike Stanley reached on a fielding error by Jim Thome at third base and moved to

second on Polonia's single.
Steve Farr then relieved Eric Plunk and intentionally walked Mike Gallego to load the bases. Williams, who entered the game in an 0-for-19 slump and is still

AL ROUNDUP

batting just .198 after three hits, slapped a 2-2 pitch from Farr past a drawn-in Eddie Murray at first base to score Stanley. The Indians committed four er-

rors in losing their fifth straight Holding a 6-3 lead, the Yankees game. The season, which began with a promising 12-7 start, has slowed to a crawl Tigers 6, Athletics 5: Travis Fry-

man broke a sixth-inning tie with a sacrifice fly. and Chris Gomez homered as Detroit, playing at bome, handed Oakland its 20th loss in 22 The A's stranded 11 runners and

lost their fourth straight and eighth in nine games.

Red Sox 3, Brewers 1: Roger Clemens held visiting Milwaukee to two hits, striking out eight, before leaving after seven innings with an apparently minor leg prob-lem, He lowered his ERA to 0.80 in his last six starts, covering 45 in-

nings.
Ricky Bones matched Clemens for seven innings, but left after giving up four hits and with two runners on and one out in the eightb. Graeme Lloyd came on and allowed a two-run single to pinch-hitter Tim Nachring that made it 3-0. Bones bad entered the game with a major league-leading ERA of 1,12.

Like Old Days, Yanks Can Do No Wrong

By Jack Curry

NEW YORK - When a team is going well, runners score when they should be thrown out at the plate: players batting nearly 500 don't start, but pinch-hit late in the game and drive in key runs; batters get hits after they fail to sacrifice runners to second, and flying barrels of broken bats distract fielders and turn outs into base runners who score winning runs.

The Yankees are going well.

At the moment, they can do no wrong. At the moment, they can count on the opposing team to make plays that help them win, especially teams that are going poorly. The Cleveland Indians are going poorly.

The Indians' latest loss to the Vankees served as a classic example of the so-called breaks going the way of the winner and against the loser. "That's exactly right," said Mike Hargrove, the luckiess

Indians' manager.

Exhibit A. Trailing by 3-2, the Yankees raffied for four rans in the seventh inning. The Indians might have short-circuited the rully had they properly executed a relay throw to the plate and snuffed out the first run. But they are going poorly and they didn't.

"With nobody cut, you might say, 'Wow,' but I've been eggressive all scason, and I'm going to stay aggressive,' said Willie Randoiph, the Yankees' third-base coach. "One thing I've noticed about our winning streak: We play hard even day. We so our and make things happen." play hard even day. We go out and make things happen. With Mike Gallego at first with a leadoff single. Bernie

Williams drilled a line drive into the left-field corner. Randolph waved Gallego home, but Gallego had barely rounded third when Wayne Kirby's throw came sailing in from left field. Last season, as a rookie, Kirby led the major leagues in outfield assists with 19.

This throw, however, passed over the first two relay men, shortstep Alvaro Espinoza and second baseman Carlos Baerga, and the ball hit the ground just before reaching third baseman Jim Thome.

"il we hit a cutoff man, he's out at the plate." Hargrove said. "We don't miss the cutoff man very often." Kirby, playing left field instead of his usual position in right, said: "On a short field like that, my arm is a lot stronger than 310 feet. If I miss the first guy, I'm looking to his the second. It short-hopped Thome. There's nothing

can do about it." Thome never made a play, and Gailego scored the tying-

Exhibit B: With one out in the inning and runners at first and second, Buck Showalter had his choice of letting Jim Leyritz, the right-handed designated hitter, bat against the right-banded Jose Mesa, or have the left-handed Paul O'Neill bat. Showalter chose O'Neill, prompting Hargrove to bring in the left-handed Derek

Paulie is the hottest hitter we bave." Showalter said. "If you have a chance for him to help you late in the game. you have to take advantage of it.

But why was O'Neill on the bench in the first place? Here was a man leading the league in batting average by 87 points 1.4731, in on-base percentage by 98 points (.575) and in slugging percentage by 144 points (.846). Why wouldn't Showalter start him even though the Indians' starting pitcher, Chris Nabholz, was left-handed?

"It's bard not to play him." Showalter said, "but we have to keep other guys ready to play. If you let guys sit for three weeks, you can't say shame on them if they can't help you when you have an injury. You say shame on the

Instead. Showalter had O'Neill available to bat for Levritz and, batting against Lilliquist, he slugged a fly ball over Kirby's head for a tie-breaking, two-run double. Exhibit C: After the Indians staged their own rally in the ninth and tied at 6-6. Mike Stanley led off the Yankees' half of the 10th with a grounder to third. But he broke his bat on contact, and the barrel raced the ball to Thome. The ball won, but so did the Yankees.
"It was a routine ground ball," Hargrove said. "But bow do you ignore the bat? It's not something you can

work on. I'm not making excuses, but it's a little disconcerting to see a bat flying your way." Thome said: "I tried to get out of the way, and the ball

went under my glove. I didn't know where the bat was, but I knew it was coming that way."

Stanley reached first on the charged error. Exhibit D: Luis Polonia then batted for Gerald Williams and was supposed to sacrifice him to second. But he louled off his first attempt and didn't make the second, taking a strike instead.

"I screwed up and didn't get the ball down," Polonia said, "I had to make up for it."

He lined a single to right, sending Stanley to third, from

where he scored the winning run on Bernie Williams's

The Yankees, with help from the downtrodden, are making winning look easy. They just have to keep doing it for about five more months.

Gartner Goal In Overtime Saves Leab

TORONTO Mine the second 652 results playoff gods in a 15 m a career that has burn about a Hall of Ferne.

The 652d is Take big far." he said after the Townson ple Leafs bear the San Jac San 3-2, his goal at 8-53 of town

The shot from the side of the s Jose net on Dong Commons

STANLEY CUP PLAYOR

from behind goale. After in forced a seventh and designs on Saturday night, in the West Conference semanal. The time will meet Vancouver in the con

ence final beginning Monda "I slid a shot into the cre it hit Irbe's skate and wear Gartner said. "It couldn't be ca a pretty goal, but it looked in from my angle.

Wendel Clark scored Ton other two goals.

igor Larionev and Jeff No scored for the Sharks, who aring appeared to the Sharks, who aring appeared to have the Leafs of a ropes. Then forward Johan Game lov came within an incl. of came the game when he whistled thou a post 73 seconds into overtime

Clark's second goal, and said the playoffs, gave Toronto a 2-ling at 5:32 of the third period was Sandis Ozolinsh was gaving as terference penalty. Clark welfant Todd Gill's long shot past like

A mistake by Gill than some Norton's goal at 7:38 to make 12 2. Gill's weak cleaning areas went to the Sharks Ulf Dabler is quickly passed out front whom, who stammed the puck past and Felix Potvin.

"We didn't count on puting a selves in a position where we shall would be needed." Garner and "It's a great sense of relic to we.

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The Michael Jordan Watch

Paul O'Neill, batting an AL-leading .473. came on as a pinch hitter and belted a tie-breaking two-run double.

THURSDAY'S GAME: Jeroan went 2-iar-; with two RBIs, including the game-atiner in the flight hands. Qui Birminghom defeated Jocksonville5-4, the had as unities duale in the tiest and an RBI-fleider's chalce in the tired. In the flight, he broke the 4-tie with a two-out strede that scarced Revin Capacitin. single that scored Kevin Countin. SEASON TO DATE: Jordan is hillion 25e (25-



Thursday's NBA Semifinals

Series Red 5-1 Indiano: D.Dovis 2-10 0-2 4, Mer.ev 3-12 0-0 11, Smits 4-15 0-9 8, Miller 2-127-7 12, Workman 3-9 0-2 7. A Dovis 4-8 0-0 8. Scott 1-8 3-4 6 57 50 in 79 20 10 Mc Ber Stoff in 19 20 Mc Ber Stoff

3-Point goods—Indiana 4-10 IMCKey 1-2,

3-Point socis—Indiano 4-10 IMCRey 1-2, Workmon 3-2, Scott 1-2, Mitter 1-4), Atlanta 3-4 (Ehle 1-1, Ferrelli 1-2, Blaylock 1-51, Rebounds—Indiano 3-8 (D.Davis 16), Atlanta 6-7 (Willis 51, Assiste-Indiano 15 (Miller, Workman S), Atlanta 24 (Bioylock 19), Tofal buils—Indiano 25, Atlanta 24 (Broylock 19), Tofal buils—Indiano 25, Atlanta 27 (Technical)—A.Davis, Augman,

24 Atlanta 70. Technicat)—A, Dovis, Augman.
Denver 74: 24: 26— 74
Utah 17: 30: 25: 22—184
Utah leads series 3-0
Denver: Eliks 5-9 5-10: 20, R. Williams 7-15: 1-2
14. Mulambo 1-6 5-10 7, Abdul-Rouf 7-17-6-6 23,
Stim 2-6 2-14, Pack 6-10-6-4 12; B. Williams 4-60-0 8. Rosers 1-3 9-9 2. Totals 21-72 27-35 No. Utet: Carbin 3-10 3-3 8. Malone 74-23 4-4 32. Scencer 3-8 3-4 V. Stockton 4-13 4-4 12. Morna-

Cck 2-0 3-4 7. Humphries 3-9 6-4 12. Crombors 5-10 3-2 12. Berroll 5-12 1-2 12. Crotty 0-1 0-0 0. Howard 6-0 0-0 0. Trains 3-91 23-22 10-6. 3-Point trads—Denver 5-12 (Abdu-Roul 3-7, R.-Williams 1-2. Eliks 1-1, Pack 0-1, Ropers 0-11, Ulbh 1-4 (Beroll 1-4. Humphries 0-21, Ro-baunds—Denver 50 (Mutambo 13), Urah 52 (Adiana 12), Assists—Denver 17 (Pack 6-1, Iran 2-6 Stockton 11. Teles Seate—Denver 19 Uton 25 | Stockton 01 - Total fouls—Denver 25, Utoh 25 | Total fouls—R.Williams, Autombo, Benuil, Denv. "lagal defense 4, Oester ex-cessive limeouls. Fierrant foul—Chombers.

Thursday's NHL Semifinal

Gittl, S:26. Penolites—Cronin, 5J Icross-checking), B:14; Osborne, Tor (goale Interference), 19:49; Rouse, Tor (stasting), IS:43; Zezel, Tor Isoalis Imeriarence), 19:41.

Second Period—2. Son Jose, Lordonov 4 IGarneninov, Ozoitanin, 0:43; Penolites—Whitney, SJ Islashina), :30; Letebyre, Tor (cross-checking), :30; Effett, Tor (fripolog), 6:20; Ducteene, SJ Lhoiding), 18:45.

Third period—1. Toronto, Clark a IGHI, Microsovi, 5:32 (pp), 4.5an Jose, Norron 1 (Dohlent, 7:38, Penolites—Ozolinsh, SJ Interference), 9:21.

4:39; Andrevolut, Tor (Interference), 9:28. Overtime—5, Toronto, Garmer's (Gilmour Rouse), 8:53. Penalties—None,

Shars on secul—San Jose 7-8-74—22. Toronto 13-3-7-1—24: pater-play osportunities—5.1 o of 4: Toronto 1 of 3: sociles—5.1, Irbc, 7-6 124 shots-21 saves). Toronto, Potvin, 7-5 122-201.

ITALIAN OPEN ITALIAN OPEN In Rome Alen's Simples, Quarterlinats Borls Backer (B), Cermony, def. Michoel Sitch (2), Germony, def. Michoel Lit, Linited States, def. Andrea Goudenzi, tha-

iv, 6-2.7-5; Geren Ivenisovic (4), Creatin del. Jocce Ettingh, Notherlands, 7-6 (7-5), 6-3. GERMAN DPEN Women's Singles, Quarter fineds Anke Huber (7), Germany, def. Elond Mokar-eva, Russia, 5-8, 5-1; Steff Gord (1), Germany def. Julie Holand, France, 5-3, 4-6, 7-5; Brenda

U.S., 6-2 6-2: Jana Navatna (3), Czech def. Incs

Results from Fridor's 19th stope, 175 kile-maters (100 miles) from Arita te Socovia: 1. Mortna Alonso, Spain, Banesto, 4 hours 31 min-ules 4 secunds; 2. Roberto Pasnin, Italy, Nayl-

Forcent, Itohy, Amore-Villa, 6:57: 4. Roberta Lazoun, Spoin, Lotus-Pestina, 6:57: 5. Nester Mara, Colombia, Kelme, 7:32: 6. Manuel Pos-coul, Spain, Artioch, same Nime; 7. Taril Ro-minger, Switzerland, Mosel-Clos.8:05: 8, Alex Zuelle, Switzerland, ONCE, 6:10; 9, Pedro Del-couts, Spoin, Rousele, 1, 11. Miller, Vannate, Contact, Spoin, Rousele, 1, 11. Miller, Vannate, oado, Spain, Banesto, s.l.; 10, Mikel Zarrabel-lia. Spain. Banesto, s.t.

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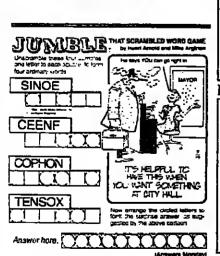
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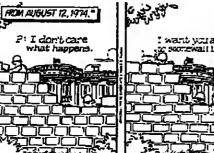




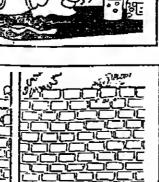
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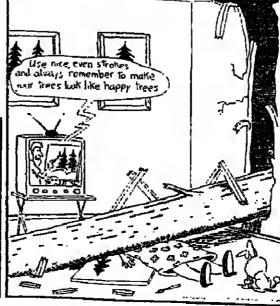




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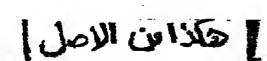
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SPORTS

By Car Debris

MONTE CARLO - Aryton Senna was killed by a part of his car striking his head, according to the autopsy report.

A part of the suspension of the car went through his helmet and caused the head injury from which he died," Max Mosley, president of FIA, said Friday.

Senna, 34, died May 1 after his Williams-Renault crashed into a concrete barrier at the Tamburello turn during the San Marino Grand Prix in Imola, Italy. The autopsy was performed in Bologna the next

Mosley said it was not yet known what caused Senna to crash at a speed of 310 kph (192 mph). Telemetry data has so far failed to discover a technical problem, while the car remains under the control of Italian authorities.

An on-board camera in Senna's car that could have provided vital clues was working at the time of crash, Mosley said, but its signal was not one of those being picked up by the monitoring helicopter.

Sema Killed | Sweeping Changes Are Imposed on Grand Prix Racing



Heinz-Harald Frentzen (from left), Gerhard Berger, Johnny Herbert and Michael Schumacher leaving the drivers' meeting.

As Stich Backs Out, Sampras Looks Ahead

By Ian Thomsen International Herald Tribune

ROME - An intriguing domestic collision was avoided Friday when the No. 2 seed, Michael Stich, pulled out of his Italian Open quarterfinal with the suddenly clayfriendly Boris Becker. But that's mostly a German concern.

Of universal importance is the attempt later this month hy the world's top-ranked player, Pete Sampras, to complete a consecutive Grand Slam - four in a row - on the clay of Roland Garros. After winning his quarterfinal Friday against the unseeded Italian, Andrea Gaudenzi, 6-3, 7-5, Sampras now is looking forward to a semifinal on Saturday against another unseeded European, Slava Dosedel of the Czech Republic.

Dosedal, ranked 51st in the world, ended the bid of Jim Courier to win the Italian Open for the third straight year. In their Friday quarterfinal, Dosedal took a first-set druhbing, then turned around and whipped the No. 3 seed, 1-6, 6-3, 6-4. Also ended was Courier's string of 15 match victories at the Italian Open.

Sampras has been having trouble with his forehand this week. He has been guilty of attempting winners at the wrong time, admitting that on clay he lacks the court sense which he has earned on the fast surfaces, He controlled the first set against Gaudenzi, who at 17 was winning the 1990 U.S. Open juniors title just as the 19-year-old Sampras was winning the men's title.

The second set became more work for Sampras after Gaudenzi had recovered three break points to hold serve in the first game. Thereafter, Gaudenzi — brave with the Center Court audience behind him — fought for everything, including every close line call.

Trailing hy a break point, Sampras served three straight aces to bold serve in the fourth game, then waited until Gaudenzi was willing to be broken in his final service. These

are signs that Sampras's uncertainty on clay might be overwhelmed by his newfound tenacity, which came into bloom with his victory last summer at Wimhledon - where he beat Courier.

According to the No. 1, Courier's ability to reach that final on grass would be similar to Sampras's advancing to the final at Ro-land Garros. So we are left with yet another example of tennis' misguided leadership its inability to turn the Sampras-Courier rivalry into a Magic Johnson-Larry Bird sort of thing. That responsibility will probably be taken up by Courier's sponsor, Nike, which ln the other half of the draw here, No. 4

Goran Ivanisevic beat Jacco Eltingh of the Netherlands, 7-6 (7-5), 6-3, to earn a semifinal against Becker, who should be rested.

Becker leads his rivalry with the younger Stich, 5-3, having won their last two meetings at Wimbledon and this year indoors at Stuttgart. The 25-year-old Stich called in sick with an attack of lumbago, which in any office is greeted with suspicion.

"Pain is felt in lower lumbar region and in both legs with consequent loss of muscular strength," read the medical report of Sneh's examination Friday morning. "Pain is felt when pressure is put hilaterally on the lumbar region. These are the only symptoms pertaining to the injury."

The German press was busily investigating another symptom not pertaining to the injury. Stich's wife, Jessica, was stopped for speeding at 2 A.M. Thursday and was accused of driving while over the alcohol limit. She was driving a courtesy car lent from the previous week's tournament in Hamburg. Jessica Stich is a celebrity at home for her role in a soap opera, in which she portrays a

Her husband's withdrawal was further clouded by reports that Stich's brother, Andreas, is to be married Saturday in a suburh

FIA Acts as Wendlinger Remains in Coma

Mosley, who last week said For-

want to participate in the dialogue about circuit and car safety."

Compiled by Our Staff From Dispatches

Drivers Gerhard Berger of Ausmonte Carlo — With two tria, Michael Schumacher of Ger-

drivers dead and a third in a coma, the International Automobile Federation decided Friday it was time to take drastic measures to make Grand Prix anto racing safer.

Overriding its agreement with the Formula One teams, FIA uni-laterally imposed sweeping regulations designed to reduce speeds in a sport where cars are sometimes clocked at 360 kph (200 mph).

mula One drivers "aren't really in-terested in safety," welcomed the move and said, "I think it's very Some of the changes are to be put into effect for the Spanish Grand Prix on May 29. positive that the drivers should

"Anything that needs to be done - anything that we think usefully can be done — will be done," said FIA's president, Max Mosley. "We don't have any choice in the mat-

He announced the changes hours after most of the active Formula One drivers reorganized the long-moribund Grand Prix Drivers' Association and called for improved

FIA has been under pressure to act since the deaths of three-time world champion Ayrton Senna of Brazil and Roland Ratzenberger of Austria in high-speed crashes dur-ing the San Marino Grand Prix on

the weekend of April 30-May 1. Then, on Thursday, the first day of competitive racing since Senna's death, Karl Wendlinger of Austria crashed as he was warming up for the opening qualifying session of the Monaco Grand Prix, He remained in a coma Friday at a hos-

The new regulations apparently violate the Concorde Agreement, which stipulates that the Formula One teams and FIA must agree on

The time has come, because of the gravity of the situation and the force of public opinion, to push aside such considerations and do what is right in the general interest of the sport," Mosley said, "What

He did not indicate which Formula One teams were likely to object to the new regulations, which will reduce downforce, increase minimum weight limits and improve protection for the driver in

Mosley said the technical sor, an aerodynamic section of the exhaust escape at the rear of the car; reducing the size of the froot

For the Canadian Grand Prix on instead of the so-called "jungle

"We will invite each fuel supplier

bottom, but will have a "step" built speed, particularly at corners, while adaptations to front and rear wings

And starting next season, Mosely said. FIA wants the teams to eurent maximum of about 800.

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Hospital said Wendlinger was bemany and Christian Fittipaldi of ing kept on a respirator in an artifi-cial come to ease the strain on the Brazil, along with retired two-time world champion Niki Lauda, will head the drivers' association, which contusion to his brain. One doctor

said that the next 48 hours would has been dormant since 1982. likely be decisive. The GPDA requests represen-tation and recognition within FIA The Sauber team said it would not take part in Sunday's race. None of the changes will be in to improve the safety of Formula

effect at Monte Carlo, although the constructors agreed at a meeting Thursday night to impose a speed limit of 80 kph in the pit lane. Michel Boeri, head of the local organization which runs the race. emphasized the race would go on as

(AP, Reuters, AFP)

Mosley: Blaming Changes In the Rules Is 'Absurd'

MONTE CARLO — Max Mosley, president of FIA, categorically denied Friday that the banning of high tech drivers' aids this season has had anything to do with the spate of accidents in Formula One

The reasons for four of the live accidents" at the San Marino Grand Prix "are known with reasonable certainty and none had anything to do with electronic aids or active suspension." Mosley

He said that the changes have "merely removed certain devices which one or two teams had in 1992 and most had in 1993. The changes have restored conventional suspension technology. Ten of the 12 years without fatality have been without these electronic

Asked if the rule changes were introduced solely to "improve the show," Mosley replied: "No, the changes were to eliminate the tendency for computers to take the place of drivers and to reduce the gap between rich teams which had access to the technology and poor teams, some of which did not.

"It is absurd to suggest that a driver of (Ayrton) Senna's ability would be troubled when less skillful drivers managed perfectly well To suggestions that removing active suspension systems must make

cars more difficult to drive and therefore more dangerous, he said: "A badly set-up car on conventional suspension is difficult to drive. But this is an everyday problem known to all racing drivers, even beginners. It is not dangerous. By contrast, drivers were constantly complaining that a malfunc-

tioning active suspension system could be extremely dangerous and unpredictable. There are many examples of this of which the most obvious was the Berger-Warwick incident at Estoril last year."

Mosley also denied that Senna was against having the drivers' aids

"No, Scuna led the campaign against them," Mosley said, "He said in an interview with The Times in London that he wanted to drive his car himself, and not have it driven by computers. The removal of

driver aids was supported by drivers in innumerable interviews." Mosley's comments have been supported by drivers in Monaco. Gerhard Berger said Wednesday that he feared technology, such as active suspension, more than anything else and bad had "r

Hawks Tie Series, 1-1, Holding Pacers to Record-Low 69 Points

The Associated Press

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September 1

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The key element, Lenny Wilkens preached when he took over as At-lanta's coach last June, was defense. And that's what the Hawks stressed in the second game of their Eastern Conference semifinal series against the Indiana Pacers. The result was immediate and

points in NBA playoff history, the Hawks got 20 points each from Manning and Kevin Willis to win, 92-69, Thursday night and tie the series at 1-1. This was a huge turnaround for

Holding the Pacers to the fewest

us after we were embarrassed the other night," Wilkens said of Atlanta's 96-85 loss in the series opener Tuesday night.

The Pacers' 69 points broke the league-low mark of 70, shared by Golden State against Los Angeles in 1973 and Seattle against Hous-

The loss snapped a 12-game win-ning streak that began for the Pac-

NBA PLAYOFFS

ers with eight game left in the regu-lar season games, cootinued through a three-game sweep of Orlando in the first round of the playoffs and then the series-opening defeat of Atlanta.

Games 3 and 4 will be played Saturday and Sunday at Indiana before the best-of-7 series returns to Atlanta on Tuesday night.

Atlanta surged to a 61-42 lead halfway through the third quarter, then withstood a run that closed the Pacers to 65-57 on Reggie Miller's 3-point shot with a second left in the period.

The Pacers, who shot 31.8 per-cent for the game, and only 29.4 percent in the final quarter, when they had seven of their 17 turn-

Mookie Blaylock added 11 points, 13 assists and 10 rebounds for the Hawks, the fourth triple double of his career.

Jazz 104, Nuggets 94: Karl Ma-lone, defying Denver shot-blocker Dikembe Mutombo, scored 32 points as Utah, playing at home, took a 2-0 lead in its Western Conference semifinal

Malone, who also had 12 rebounds, repeatedly took the 7-foot-2 Mutombo to the hoop, twice drawing fouls on made baskets as the Jazz successfully defended their

homecourt advantage.

Denver plays host for Games 3 and 4 on Saturday and Sunday. Game 5, if needed, will be at Utah

on Tuesday.

Mutombo blocked eight shots,
while Mahmoud Abdul-Rauf had 23 points for Denver before leaving the game with a bruised right knee late in the game.
The Jazz, leading by three points

as the fourth quarter began, got three baskets from Malone in the first 4:28, his 16-foot fadeaway jumper build the lead to 86-78. Back-to-back dunks by Benoit and a jam by Chambers pushed the

margin to 13 with 2:01 to play. The Jazz got their final point, and biggest lead, when Mutombo was called for a technical with 21 scoonds left, and Chambers made the



Karl Malone, drawing a foul on a dunk, defied shot-blocker Dikembe Mutombo and scored 32 points as Utah won, 104-94.

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SIDELINES

South Korean Elected to FIFA Post

KUALA LUMPUR (Reuters) - The head of South Korea's World KUALA LUMPUR (Reuters) — The head of South Korea's World Cup campaign, Mong Joon Chung, was elected Friday the Asian Football Confederation's vice-president on soccer's world governing body, FIFA. Chung, son of Hyundai Heavy Industries' founder Ju Yung Chung. Chung, son of Hyundai Heavy Industries' founder Ju Yung Chung. Chung, son of Hyundai Heavy Industries' founder Ju Yung Chung, chung son of Hyundai Heavy Industries' founder Ju Yung Chung. Chung son of Hyundai Havy Industries' founded his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a big boost to trounced his rival from Japan in a victory that was seen as a

campaign, received only two votes.

Golf Tournaments Delayed by Rain

MADRID (AP) — Heavy overnight rains that continued through most of the day virtually wiped out Friday's second day of play in the Spanish Open, forcing officials to reset most of the rounds for Sanurday.

Open, forcing officials to reset most of the rounds for Sanurday.

The GTE Byron Nelson Classic in Dallas was also hit by rain; it already had been reduced to three rounds.

A First for Spain in Tour of Spain

PALAZUELOS, Spain (AFP) — Marino Alonso gave the host country
its first stage victory in the 1994 Tour of Spain when be won Eriday's
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For the Record

Del Harris, who coached four years each at Houston and Milwaukee, was hired as coach of the Los Angeles Lakers.

(AP)

Was hired as coach of the Los Angeles Lakers.

Ski Paradise of France, favored to win her second straight race in Japan, drew the No. 13 post position for Sunday's Yasuda Memorial.

Britain's Sayyedati, also highly regarded, drew No. 6 spot. (AP)

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any major changes.

we want to put forward does not meet with everyone's approval."

changes that will be put in place for the Grand Prix in Barcelona will reduce the cars' downforce by about 15 percent, which will, in turn, cut speeds. Those measures are: Reducing the size for the diffu-

wing end plates, and reducing the size of the front wing. June 12, lateral protection for the drivers' heads would be increased by colarging the size of the cockpit sides, thus increasing the weight of the cars, and the use of commercial fuel will again be made mandatory

juice" fuel with additives. to nominate 100 gas stations and we will go and obtain the fuel from those stations," Mosley said. "Jo other words, we are going to buy fuel from the pump and give it to

the teams." Front suspensions must also be strengthened to prevent wheels from being easily detached during a crash. Senna's autopsy showed he was killed by part of his suspension striking his belinet. Mosley also said that a oumber

of aerodynamics-related technical regulations to further reduce speed, approved for 1995, will be intro-Hockenheim oo July 31, the mid-way point of the 16-race season. Cars will no longer be flat on the

into them. This would cut their will have the same effect.

reduce downforce by 50 percent, while engines will have to be re-duced to 600 horsepower from the Other safety measures, such as the use of airbags and foam and driver restraints, were being stud-

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into your house for two weeks of

quiet relaxation. I am pulling your leg, of course. You have to go with them. You also are required, by federal law, to take them to at least one historical or natural site featuring an educational exhibit with a little button that you're supposed to push, except that when you do, nothing hap-pens, because all the little light bulbs, which were supposed to light up in an educational manner and tell "The Story of Moss," burned out in 1973. But this does not matter. What matters is that this is a memorable and rewarding and. above all, enjoyable vacation experience that you are providing for

"OAMMIT YOU KIOS," you might find yourself explaining to them, "IF YOU DON'T TAKE THOSE LEGOS OUT OF YOUR LITTLE BROTHER'S NOSE ANO COME LOOK AT THIS EOUCATIONAL EXHIBIT THIS INSTANT, I SWEAR I WILL NOT TAKE YOU TO THE OYSTER KINGDOM THEME

your children whether they like it

This situation demonstrates why you should never set out on a family summer vacation without a complete set of parental threats. You cannot simply assume that when your children have, for example, locked somebody else's child inside the motel ice machine, you'll be able to come up with a good parental threat right there on the spot. You need to prepare your threats in advance and write them on a wallet card for easy reference.

YOU (sternly): If you kids don't let that child out of the ice machine this instant, I'm going to . . . tre-ferring to wallet card) . . . DON-ATE MY ORGANS.

FIRST CHILD: Huh? SECOND CHILD: He's reading from his driver's license again.

YOU treferring to another wallet card): O. K., bere we go: I'm going to TAKE AWAY YOUR GAME

FIRST CHILD: We don't have a

SECOND CHILD: Jason threw it into the Water Whiz ride back at Pez Adventure.

YOU (in a very stern parental voice): All right then, we'll just have to BUY ANOTHER ONE.

Yes, you need strict discipline on a family vacation. You also should have some kind of theme for your trip, and this year the theme that I am recommending is: Hairballs
Across America. Your first stop is Garden City, Kansas, home of the Finney County Historical Society Museum, which features, according to news reports sent in hy many alert readers, the largest known hairball in captivity, not counting members of Congress. This hairhall measures 37 inches in diameter and weighs 55 pounds. That is what we in professional journalism call "a big hairball."

I called up the historical society museum director, Mary Warren. who told me that the bairball was graciously donated by a local meat-packing plant, which found it inside the stomach of a cow. After you tear them away, your next stop will be the nearby Midwestern state of Indiana (motto: "It's Also Pretty Flat"), where you will be visiting the city of Alexandria. This is the historic site where it took three men to pull a giant hairball out of a manhole last year.

"We thought we had a goal." a city sewer official was quoted as

Needless to say, this bairball was not caused by a cow. Cows do not fare well in the sewer environment, because of the alligators. This hair-ball was formed by people taking showers, and having their hairs wash down the drain and clump together in a giant mass.

Tragically — and this is yet another argument for stricter federal guidelines — the giant hairball was left nutside, and it disintegrated. "Just think, kids!" you should

tell them, "Right here in this town, there was a hairball THE SIZE OF A GOAT! Isn't that amazing? Kids? HEY! YOU KIDS COME BACK HERE!" You should never have left the

keys in the car. Knight-Ridder Newspapers

Forget Trekking, Fly a MiG at Mach 2.4

ARIS - No one wants to look at vacation snapshots ol beaches, rolling countryside, or even — things have come to this world-weary pass — of gold panning in Lapland or torpid turdes in the Galapagos. It is time to aim higher - 25 kilometers (15 miles) into the sky, for

A Florida company called MIGS etc., Inc. has since October sent more than 100 tourists into empyrean space

MARY BLUME

in cash-hungry Russia where everything these days is for sale, from Kim Philhy's fedora to solar-power cells. Send in your helmet size . . . your dream is ready to

fly," says the company's promotion cassette.

Before taking the controls of a supersonic fighter aircraft with a flight plan they have helped to design, most of MIG etc.'s customers have experienced nothing more exciting than humping along in commercial aircraft. The flight packages range in price from \$7,000 to \$50,000. depending on the program chosen. Hotels, meals and a Moscow tour are included. Those who wish to take their

flight suits home with them pay an extra \$100.

Customers sometimes look a bit green on landing says the company's Moscow manager. Marina Zaikovskaya. the daughter of a Russian test pilot, grounded herself by motion sickness. But they tend to croak out the same

enthusiastic words.
"I have made a list." Zaikovskava says. "Incredible! is what 90 percent say. The other 10 percent would be distributed between Marvelous! Great! and ft's better

The founder of MtGS etc., talking by telephone on a visit to Moscow, is Kent Ertugral, 30, who used to work in investment banking and in computer software for drive-through hamburger restaurants. We didn't really think of it as a husiness, we just put it out to see if people were interested and they were. You can't do any market research for this sort of thing, you just have to throw it out and see what happens."

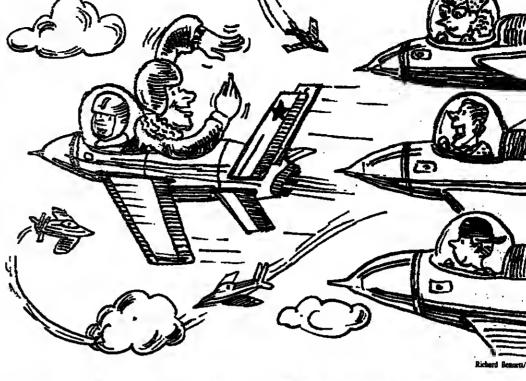
The aircraft the company uses - MiGs and the Sukhoi-27 - are at the Zhukovsky air base near Moscow, Negotiations to use them with top English-speaking test pilots as instructors were surprisingly easy, Errugrul says. By and large, there is less red tape in Russia than unywhere else. Things are in a tremendous state of flux right now people are looking for opportunities, new things to do."

Customers, who come from the United States and Europe and will soon be flying in from Japan where Ertugrul has signed a contract for zero-gravity flights. begin in an L-39 jet fighter trainer with their own private instructor. With their instructor, they then fly a real MiG-29 with a maximum speed of Mach 2.3. a MiG-31 Foxhound, an interceptor that can reach Mach 2.4. or the SU-27 which can execute the famous cohra maneuver in which the aircraft pitches to an angle of attack of more than 90 degrees and recovers to a normal flight attitude within seconds. No previous flying experience is necessary,

"If you bave piloted a single engine aircraft it doesn't really help anyway," says Julia Ragona, the company's Florida-based sales director whose ear problems prevent her from testing her product. "Jets and aerobatics are a very different thing."

The customers have ranged in age from 16 to 72. They first undergo a physical at the airbase to see what they can

Asia



take. "If you can fly in a commercial aircraft you can fly in one of these." says Ragona. "The question is bow many maneuvers you can do or how many G's you can pull."

Those who are not up to a cohra, a wing-over, an Immelmann or even a loop or a roll can simply aim their MiG into the upper atmosphere where they can see the Earth curve and, perhaps, feel it move.

The company's Ultimate Flight program begins with five combat flying lessons on the L-39 and culminates in a

mock MiG or SU-27 dogfight in real planes in which a customer combats a friend or - and this bas happened -

On the last day of dogfighting, a panel of judges reviews videos of the combat and declares the winner, who receives a silver-plated helmet signed by the test pilots as well as video tapes of the doglights, edited and set to

Those who feel deprived by Congress's recent strictures on automatic weapons can also enroll in a Military Adventures program in St. Petersburg. It offers an opportunity to fire a Kalashnikov machine gun or a rocket-propelled grenade launcher and to drive a T-80 turbine-powered tank and let off a shell or two. The company has also begun to offer rides in training craft that simulate weight-lessness and future possibilities are unlimited. Ertugral

There's a lot to be done with using the military industrial complex for tourism without getting into the Rambo world or the Soldier of Fortune world, which we definitely

want to avoid. There's a lot of fun stuff you can do." Doglights, assault weapons: Ertugrul could be accused of encouraging military freaks. "I think it's quite the opposite," he says. "I am personally not a gun freak or a military freak at all and if we have made a point of not advertising in publications addressed to that market, though believe me the opportunity is there, it's because we're not interested in that sort of customer. The way look at it, this is probably the best use anyone has found for this stuff. Its sole purpose was to kill people and what better way to use it than for fun?

It's a white knuckle sort of fun, but only if the customer wants it to be Ragona says. "You can a roll at a high G or a low G, depending on how you take it. You can do a variety of things at low G and have it be fun hat not white

One attraction for the Russians, she says, is that the venture brings publicity to the aircraft manufacturers whom she describes as the Russian equivalent of Boeing or Lockheed with an eye to the nonmilitary market.

The financial arrangements between MIGS etc. and the Russians are about the only thing that is still top secret. The pilots have pronounced themselves extremely satis-

Ertugrul, sensiove about recent world headlines concerning a Russian airliner, emphasizes his own pilots' skill. "What you have to bear in mind is that the pilots we're working with are the best, they're the test pilots who do air shows overseas. To associate them with ordinary air force

There have been un mishaps so far but the company warns that its programs are inherently dangerous and requires its customers to sign a release form. At least they needn't worry about the pilots — they are all more than 15

PEOPLE

Barbra Gets Sond From Bill and Bill

Barbra Stressad via Washington gig of her lies by crooning meaningly and Hilliary Rodings Cooper to capital power USAst Arcras After a single Georgetown home of Eschibertown home sang show tone Stressand misted over watch "Nightline" tanking room.

White House after a Declar Stephinopoulus speak a process of the standard of t Generation X 20 taxed a book by Richard N 1 former National Section 3 staffer, called The Pose

A New York appear on ruled that Woody Allers in two adopted children and in Min Farrow's children and ited visiting rights for the rector.

A Los Angeles judge that auction of documents that he to Marilyn Mouroe inches ter from Robert Konson that appeared to support a relationship between La and the late movie size. love letters from Window () to Mariel Wilson were all P by Christic's for £16,751,515

Paolo Gucci, heir to the goods empire, has been of from prison after his no wife, Jennifer Puddelot Co was paid almost \$500,000 alimony and child support 63. had been jailed April contempt charges. He ka U. S. Bankruptcy Court, debts of \$90 million

INTERNATION CLASSIFIED Appears on Pages 14.13

WEATHER

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North America co Monday into Tuesday. Pittaburgh to Boston will be

spread Oslo and Stockholm Sunday into Monday, Rome through Athens will have

North America

POSTCARD

pilots or Aeroflot would be a mistake."

Subway Digging Yields Another World Under Athens

By Henry Kamm

New York Times Service
A THENS — While drivers all around them in this traffic-choked capital perform their customary impatient concern of blowing horns and squealing tires, archaeologists are meticulously sifting through a vawning excavation.

Athens is building a badly needed subway. and the \$2.8-billion project has provided a

They are digging on Syntagma (Constitution) Square, the busiest in Athens, in front of the Parliament and at the Tomb of the Unknown Soldier. At this site and the 20 other sites of future stations, excavating machines are laying bare stratum after stratum of the many cultures that made Athens a fountainhead of civilization Here we are in the shadow of the Acropolis.

digging five suhway stations," said William G. Stead, the construction project's general manager. Much has been found to rouse archaeological passions. Some finds were unexpected, while others confirmed accounts of Athens written through the ages.

In front of Parliament, for instance, the digs laid bare a vast public bath of the Roman period

that no ancient chronicler had described. The tops of the columns for its steam room, marvelously preserved, lay about two feet under the surface of Amalias Avenue, where the flow of heavy traffic never seems to cease.

Surprisingly, said Olga Zachariadou, the Culture Ministry archaeologist in charge of the site of the Syntagma Square station - the mair bub of the Metro system - antiquities covered by the asphalt of streets lie closer to the surface an those in fields, where soil accumulates While there bas been some digging under Athens for utilities, there has been nothing before

Constantine Sarris, an archaeologist working for Attiko Metro, the project's management mpany, pointed out several tall food-storage hins, resembling round stone wells, from the Next came remains of a Roman aqueduct.

Beyond, the archaeologist showed traces of the dried-up bed of the Iridanos River, mentioned by Plato. Scattered around were tombs of the early Christian era. One yielded the skeleton of a dog, probably buried next to its master. Another contained toys - terra-cotta animals on hronze wheels, Stead said - perhaps buried

with children. An aqueduct from the fifth tury B. C. lay near the riverbed. Next to Roman baths were the remains a works in which bronze statues were statues were subshift the cemetery. Oil lamps fealthing colic paints were found in the baths:

The Culture Minist the discoveries for study before public to see them. Samis said that the excavations would provide grist for dissertations for years to come.

So rich are the excavations. Zad said, that had the Syntagma site been t anywhere but in the center of a city never be covered over age way tunnels being carved in the rock! the discoveries, officials decided the

way to preserve them. What the Metro excavations disclos than movable objects, is being paint oulidozed for the subway stations. "It is very, very hard, of course," Zachanida. "We're happy because we have a very in) to excavate, but, on the other hand, it very much.

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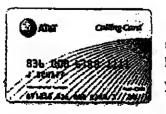
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